

etc., etc., in India, soliciting orders and urging the alleged superiority of chrome-tanned over bark-tanned leather, especially in the case of marching boots.

The Chamber has been asked to take the matter up, and my Committee trust that His Honour the Lieutenant-Governor may be pleased to ask whether the Government of India are not of opinion that the industry in question is now sufficiently well established to be made over to private enterprise, more especially as it enters into direct competition with the bark-tanning industry.

Dated the 14th October 1909.

From—G. A. CHAMBERS, Esq., Messrs. Chambers and Company, Madras,

To—The Secretary to the Government of Madras, Revenue Department.

I HAVE the honour to acknowledge receipt of your No. 2770, dated Ootacamund, 8th October 1909, and thank you for the information contained therein.

2. I do not question the earnestness of the intentions of Government as particularised by you, but I most emphatically state that however good these intentions may be, they certainly have not in the past been supported by the actions of those immediately connected with the working of the Government Tannery.

3. It is now more than a year ago since I began to take active steps in protesting against the competition, and right from that time onwards I have received the same assurance as that which you now give, *viz.*, "that it will cease as soon as arrangements can be made to dispose of the plant, etc.," but as a matter of fact, notwithstanding that my firm has endeavoured to facilitate the stoppage of the Government works by offering to purchase surplus plant, and that the newly established Mysore Tannery Company, Limited, would also have been buyers, and both concerns would further have taken such trained labour as was available, no surplus machinery has been disposed of, and the competition has not only been continued, but has been accentuated.

4. As striking evidence I state that in Mr. Chatterton's letter to me of 20th October 1908, writing of morocco and patent leathers, he expressly states "Government do not, and do not intend to, manufacture and there has never been any competition in respect to these"; but notwithstanding this emphatic declaration, it is nevertheless true that subsequent to the engagement by the Government Tannery of an employé trained by us at considerable expense, an order for moroccos alone to the value of R7,000 or R8,000 was taken from the Controller of Stamps and Stationery, Calcutta, which order I have every reason to believe would otherwise have been received by my firm. Furthermore, samples of moroccos have been submitted to, and orders solicited from, Madras firms to whom we have been supplying such goods. We think you will admit that these facts are in glaring contradiction to Government intentions.

5. It is, I think, admittedly wrong in principle, that Government should compete with private enterprise, and the indefinite disposal of the plant of either or both the Government Tannery and its leather manufacturing branch can be no justification for their continuance.

6. The Mysore Tannery Company, Limited, and my own firm have both spent considerable sums this year in erecting and equipping works for chrome and bark tanning, and the manufacture of leather goods; and the representatives of Government have, in my opinion, had better opportunities of disposing of their plant and labour to them than they are likely to have again in the near future, for possible investors might naturally be expected first to see results of the ventures already made; consequently, if we are to await the disposal of the plant before the Government works are closed, the competition may continue for months or even years.

7. Both the Mysore Tannery Company, Limited, and ourselves are already manufacturing chrome leather sandals, and we naturally look for Government support in the shape of opportunities of securing contracts, and both would



gladly manufacture water-buckets also if the Government Tannery would cease doing so. Further, it cannot be claimed that the manufacture of such low class goods on a commercial scale is necessary from an educational point of view. I therefore again most respectfully request that the Government Tannery and its manufacturing branches should cease to be run as commercial concerns, and that a definite date be fixed for such closure.

Dated the 2nd November 1909.

From—J. O. ROBINSON, Esq., Chairman, Madras Trades Association,

To—The Secretary to the Government of Madras, Revenue Department.

I HAVE the honour to acknowledge receipt of your letter No. 2769, dated the 8th instant, and with reference to your request to be furnished with a copy of the memorandum of Government referred to in my letter of the 19th August last, in which it was proposed to limit the scope of the Tannery at Sembiam to that of an educational institution, Messrs. Chambers & Co., to whom your letter was communicated, write to say that according to paragraph 4 (of G. O. No. 2894, dated 17th October 1908) the Director of Industries was instructed to submit proposals for giving effect to Resolution No. 50—"the development of the Sambiam Tannery into a leather trade school". They further say that a perusal of the papers issued in connection with the Industrial Conference gives ample evidence of the fact that protest was then made against the Government Tannery being conducted as a commercial concern, and they urge that it is quite unnecessary for Government to run, for educational purposes, a trading institution such as the Tannery at Sambiam and its connected manufacturing branch in the Poonamallee Road. They also state that it is a matter of urgency that a definite date should be fixed for the stoppage of the works, as they understand that another machine has been quite recently purchased, and they are told by buyers that such inducements are being offered as would make it impossible for Messrs. Chambers & Co. to sell similar leather at a profit.

2. The Committee are glad to learn that in order to obviate complaints from private manufacturers, the Government have instructed the Director of Industries to close the manufacture and sale of boots, shoes and other miscellaneous articles as soon as arrangements can be made to dispose of the plant, etc., and to restrict the work of the tannery to the manufacture of water-buckets and sandals for sale to ryots and Government Departments. But Messrs. Chambers & Co. bring to notice that the tannery has very recently obtained an order for morocco alone to the value of R7,000 or R8,000 from the Controller of Stamps and Stationery, Calcutta; which order Messrs. Chambers & Co. have reason to believe their firm would otherwise have received. Further, samples of morocco have been submitted to and orders solicited from firms in Madras to whom Messrs. Chambers & Co. are stated to have been previously supplying such goods.

3. My Association feel that it is undoubtedly wrong in principle for Government to compete in this manner with private enterprise, and they press for the issue of imperative orders to the Acting Director of Industries. It is not unreasonably urged by Messrs. Chambers & Co. that if they are to wait till the disposal of the plant before the Government works are closed, the competition may not cease for a prolonged and indefinite period.

4. Messrs. Chambers & Co. also state that both the Mysore Tannery Company, Limited, and themselves are already manufacturing chrome leather sandals, and naturally look for Government support and that they both would gladly manufacture water-buckets if the Government Tannery would cease doing so. They further contend that the manufacture of such low class goods is unnecessary from an educational point of view.

5. My Committee trust therefore that Messrs. Chambers & Co.'s petition will receive favorable consideration, and that early and stringent orders will be issued with regard thereto.

Dated the 2nd November 1909.

From—W. B. HUNTER, Esq., Chairman, Chamber of Commerce, Madras,

To—The Secretary to the Government of Madras, Revenue Department.

I HAVE the honour to bring to your notice that the Chamber has again had under consideration the question of private enterprise and Government competition, the immediate cause of the discussion being the offer of employment by the Director of Industries to various persons employed in private industrial concerns, to which action members of the Chamber took exception.

2. The Chamber while quite satisfied with the explanation given by the Director of Industries and his assurance that similar incidents will not occur in future, desires to protest against the policy that is being pursued by the Industrial Department, presumably with the approval of Government, in the matter of competition with private enterprise.

3. The Chamber though unanimously in favour of industrial instruction is also unanimously strongly opposed to industrial competition and the flotation of industrial companies by Government.

4. In Madras there are capable industrial workers who have received their entire industrial training at Leeds University, Bradford Technical School, Bermondsey, Nottingham, and elsewhere in Europe who one and all assert that industrial education at institutions at these places is invariably conducted without semblance of competition with manufacturers. The Technical Institutions assist the manufacturers with information and by practical experiments, but the production of manufactured articles is on the smallest possible scale, and is so far as the Chamber can ascertain entirely disposed of in the shape of samples which are given to students themselves or interested manufacturers desiring to follow up the Industrial school or college research work.

5. Here however, in regard to leather, the Sembiam Tannery or school, instead of confining itself to instruction, is worked as a commercial concern supplying boots and shoes in retail, water-buckets to ryots direct and through the Irrigation section of the Director of Industries, as well as fancy leathers to Government Departments. The Chamber is strongly of opinion that these sales are unfair to the private tanner, and should be discontinued. The Chamber also considers that the combination of instruction with competitive production is unfair to the industrial students.

6. It is understood that the Weaving School at Salem sold cloth to the value of Rs 11,000 last year and though this is not in itself a very large sum, sales of this magnitude are unnecessary as already shown by technical schools in the large industrial centres of England. The Chamber is advised that Government is opening another School Factory at Madura, and submits that if many such schools are opened in the various parts of this Presidency where hand-loom weavers are distributed, and the production is offered for sale, they will become a menace to private enterprise.

7. If sales from these weaving schools are conducted on the lines followed in the case of leather, they will rapidly absorb the few Government orders for cloth which jail competition now leaves open to the private manufacturers, whilst it is presumably competent on the approved lines of Sembiam, for the Director to also reserve to himself the right of supplying articles of clothing to ryots.

8. The argument of the Director of Industries that it is useless to give industrial instruction unless there are industries to absorb the students is plausible but by no means conclusive.

9. It may be a good reason for not giving technical education in certain industries, but it does not justify Government in using public money for industrial experimental factories, which if successful are to be handed over to the public by the flotation of Limited Liability Companies to compete against struggling private industries already in existence.

10. The Director has selected two well-established industries for his Factory Schools, tanning and hand-loom weaving (aluminium excepted), and these two are thoroughly suitable for the training of students on the lines of



Leeds and Bermondsey. Yet at Sembiam instead of a school, there is a growing factory for tanning and finishing leather and manufacturing leather goods.

11. With regard to hand-loom weaving Mr. Cotton says:—"We are endeavouring to popularise the manufacture of shawls but are also trying to find some capitalists to take over this branch."

12. In the first place the Chamber would point out that this procedure is contrary to recommendation 33 of the Sub-Committee at the Industrial Conference, in the second place that the manufacture of these particular shawls has been conducted on a commercial scale at Bangalore and that they are being very extensively manufactured at Cawnpore. There is therefore no need to demonstrate that shawls can be manufactured commercially even if the conclusions of the Conference may be fairly ignored.

\* \* \* \* \*

GOVERNMENT OF INDIA.  
LEGISLATIVE DEPARTMENT.

PROCEEDINGS OF THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA,  
ASSEMBLED FOR THE PURPOSE OF MAKING LAWS AND REGULATIONS  
UNDER THE PROVISIONS OF THE INDIAN COUNCILS ACTS, 1861 TO  
1909 (24 & 25 VICT., c. 67, 55 & 56 VICT., c. 14, AND 9 EDW. VII, c. 4).

The Council met at Government House, Calcutta, on Tuesday, the 31st  
January 1911.

PRESENT :

His Excellency BARON HARDINGE OF PENSHURST, P.C., G.C.B., G.C.M.G., G.C.V.O.,  
G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*,

and 36 Members, of whom 31 were Additional Members.

RAIDS ON NORTH-WEST FRONTIER.

The Hon'ble Mr. WOOD laid on the table a comparative return\* showing the number of raids committed in the North-West Frontier Province in the years 1909 and 1910 which was referred to in his reply to the question of the Hon'ble Mr. Sachchidananda Sinha at the meeting of the Council held on the 3rd January 1911.

QUESTION AND ANSWER.

On behalf of the Hon'ble SIR SASSOON DAVID, the Hon'ble MR. GOKHALE asked :—

“ Will Government be pleased to lay on the table a statement showing the percentage allowed, and the manner in which the capital cost is estimated, in different Provinces for depreciation on machinery and building in ascertaining the net profits of factories for income-tax purposes ?”

The Hon'ble SIR G. FLEETWOOD WILSON replied :—

“ The statement desired by the Hon'ble Member will be laid on the table as soon as it is ready. Some points of detail still remain to be decided in consultation with Local Governments.”

INDIAN FACTORIES BILL.

The Hon'ble MR. ROBERTSON : “ I rise, my Lord, to present the Report of the Select Committee on the Bill to consolidate and amend the law regulating labour in Factories. The Committee regret that they were unable to complete their deliberations in time to allow their Report to be submitted at the last meeting of the Council. But the subject-matter of the Bill is difficult and contentious, and several of the clauses required a great deal of consideration before they were put into the shape in which they now appear. I may state that the Committee held in all twelve meetings occupying something not very far short of forty hours, in addition to meetings of Sub-Committees for working out and putting into legal form the decisions come to in the full Committee. Having been in charge of the Bill in the Select Committee, I

\*Vide Appendix A.



should like to express my personal obligations to the members for the great trouble they have taken and the help they have afforded in putting the measure into the form it now presents. If I may be allowed to mention names from amongst so many who have spent laborious days over the Bill, I should like to refer to the sound practical advice we have had from the Hon'ble Sir Vithaldas Thackersey and the Hon'ble Mr. Birkmyre. I am sure the other members of the Committee will agree with me as to the value of the services they have rendered us.

"I shall now, my Lord, deal very briefly with the principal amendments which have been made in the Bill. But, before doing so, I may mention that no alteration has been made in the essential provisions of Chapter V of the Bill, which fix the working hours for adult males in textile factories at twelve. As will be seen from the Report, these provisions are not accepted by several members of the Committee. The case for and against direct limitation of the hours of labour of adult males was debated in the Council on the motion to refer the Bill to the Select Committee, and on this point of principle there will no doubt be much to be said when the measure is finally discussed. This is a subject on which we must agree to differ, and I need not therefore take up the time of the Council with any remarks on it now. But with certain reservations on particular points, I may say that the Bill, as now presented, has, but for this question of principle, been agreed to by all the members of the Committee.

"I come then, my Lord, to the provisions of the Bill as amended. In dealing with these I shall follow as far as possible the sequence of the chapters of the Bill.

"We have proposed that the Bill if passed into law should come into force on the 1st day of July 1912. This will give time for factory owners to adapt themselves to the altered circumstances, for factories to be provided with electric light installations where this is desired, and for the Local Governments to prepare and publish new codes of rules adapted to the provisions of the law.

"The definition of the word 'factory' as contained in the Bill has been the subject of much consideration. When the Bill was first published the definition of a 'factory' which it contained and which followed closely the definition in the existing Act, was subjected to much criticism, particularly in view of the more stringent provisions which the Bill introduced with regard to the employment of labour. As defined in the revised draft the word 'factory' still includes not only the buildings where the manufacturing process is actually carried on, but the precincts of such buildings. But a new clause has been added which makes it clear that, though persons employed outside the main manufacturing portion of the factory will be taken into account in determining whether any concern is to be reckoned as a factory by reason of employing more than 49 persons simultaneously, such persons will not be subject to the provisions of the Act respecting employment and holidays, but only to the regulations regarding health and safety and inspection.

"Chapter II of the Bill deals with the appointment of Inspectors and certifying Surgeons. The Factory Commission in their Report expressed themselves strongly as to the inadvisability of inspection of factories being carried out by *ex officio* Inspectors, as they considered that orders on technical matters should be passed only by experts employed for the purpose. In the Report of the Select Committee this opinion is endorsed, but in deference to the representations of certain Local Governments that it would be impossible for the expert factory Inspectors to regularly visit factories in out-of-the-way places, provision has been made in the Bill for the appointment of additional Inspectors where the employment of such is considered necessary. In such cases it will probably not be necessary or advisable to give the additional Inspectors full powers under the Act, and a clause has been inserted enabling Local Governments to define the powers which they are to exercise.

"The provision which requires that before a child can work in a factory it must possess a certificate of age and fitness for employment has been retained. And it has been laid down that every child must carry such certificate when

at work or a token giving reference to the certificate. It is believed that the prescription of such a rule will greatly facilitate the inspection of children in factories, and as such it will be useful for ensuring that the law in this respect is carried into effect.

"Chapter III, which contains the provisions relating to the health and safety of operations, has not undergone much change. In several of the clauses in this Chapter, an Inspector is empowered, where he finds that a specific provision of the law is not being complied with, to serve an order on the manager of the factory directing him to take measures for such compliance. Against such an order an appeal is allowed to the Local Government, who may appoint an authority subordinate to it to hear the appeal. It has been strongly represented to us that in appeals against orders made by the Inspector under this Chapter, the appellate authority should be assisted by expert assessors who could advise him with regard to the matter in dispute. Provision for the appointment of such assessors has now been made in the Bill. The clause which deals with the important question of fencing of machinery has been entirely recast. It now provides that certain dangerous parts of machinery, as well as other parts which the Local Government may by rule specify as dangerous, shall be securely fenced. This is a substantive provision of the law and any breach of it becomes an offence under the Act. In addition to this, power is given to the Inspector to pass an order requiring any other parts not declared dangerous as above to be fenced, and such an order will be the subject of appeal in the manner to which I have just referred.

"Chapter IV deals with the hours of employment of operatives and with holidays in all classes of factories. As originally drafted the Bill provided that exemptions from the main provisions of the Chapter, and also from the provisions of Chapter V relating to textile factories, should be given by rules made under the Act. The opinion has been generally expressed that the standard exemptions from these provisions of the Act should be laid down in the Bill itself, leaving Local Governments to deal by rule only with exemptions required in special circumstances or in new cases that may arise. The working out of these exemptions has, as was anticipated, given a considerable amount of trouble, and their insertion in the Bill has necessarily occasioned some complexity in the clauses affected. We have added two Schedules to the Bill which set forth specified exemptions, and have arranged the latter in parts following the main principles on which the exemptions have been given. I may perhaps make my meaning more clear, if I explain the case of exemptions from the compulsory half hour stoppage after six hours continuous working, which is laid down in clause 21 of the Bill. First we have put in Part A of Schedule I, which refers to this clause, all work of an urgent nature or such as must be kept going while the main manufacturing process of the factory is discontinued; such as work by the supervising staff, work which has to do with keeping the machinery running and in good order, for instance, in the boiler-house or engine-room or in the mechanic shop, and work in the packing up of the finished articles or receiving or despatching of goods. Part B of the Schedule contains a list of factories, in certain departments of which for technical reasons continuous production is necessary and where the work cannot be stopped for half-an-hour. Such are tanneries, sugar-refineries, chemical works and the like. In these factories the half-hour interval is not required to be given in the departments concerned. Part C of the Schedule contains a further list of factories which are to be entirely exempted from the provisions of the half-hour stoppage. In these work requires to be carried on throughout the factory uninterruptedly. Such are flour-mills, rice-mills, ice-factories, gas-works and the like. When a further case for exemption arises, the Local Government will be enabled to grant exemption, subject to such conditions as may be imposed, in accordance with the general principles which have been laid down.

"These remarks apply generally, as I have already mentioned, to the main provisions of the Act which deal with hours of employment and holidays. I may add a word of explanation as regards Schedule II, which contains the exemptions from the grant of the Sunday holiday. In Part A of this



Schedule is given a list of factories which, by reason of continuous production, being necessary in certain processes, are not required to stop work on these processes on Sundays. It will be noticed that this list is very much akin to the list of factories which are similarly exempted in Schedule I from the half-hour stoppage on working days. But there is a difference in this respect. The continuous processes carried on in some factories are such as cannot be completed within the week. These are entered in the Second Schedule as requiring exemption from the Sunday holiday provision. In other factories the continuous process, though it cannot be suspended during the day, does not necessarily extend over a week. These factories are placed in a separate list in the First Schedule for the purpose of exemption from the half-hour stoppage provision. I shall not encroach upon the patience of the Council further by saying anything more about this somewhat complicated matter. I hope that the clauses of the Bill, as now drafted, will provide fully for the normal exceptions which have to be recognised when making substantive provision in the law as to the employment of the operatives.

"Chapter V of the Bill lays down a 12-hours working day for male adults in textile factories. I have already mentioned that the members of the Committee are not in agreement as to the provisions of this Chapter. As it stands, the Chapter follows the Bill as drafted. But here again care has been taken to mention the principal exemptions which are required to the 12-hours rule. As we are dealing only with textile factories, these exemptions are comparatively few. They concern principally the operatives who are employed in subsidiary work connected with the engine-room and the running of the machinery, or in special processes in which occasionally overtime is unavoidable, such as calendering and finishing, sewing and tailoring, or packing up and despatching of goods.

"Chapter VI deals with notices and registers and calls for but few remarks. Clause 36 of the Bill has been substantially altered. As it now stands, it requires that there shall be posted up in some conspicuous place near the main entrance of the factory an abstract of the Act and rules, and what may be described as the standing orders of the factory laying down the hours of employment of the operatives. It was originally proposed that copies of these standing orders should be submitted to the Inspector once a month. This would have given trouble to factory occupiers, and in the new clause they are required to notify to the Inspector only when changes take place. The clause, moreover, will not be applied to seasonal factories.

"Chapter VII confers rule-making powers upon the Local Government which are to be exercised subject to the control of the Governor General in Council. It is to be noted that the previous sanction of the latter is not required to the publication of the rules.

"Chapter VIII deals with penalties and procedure. And here two important changes have been made. The first makes the occupier and manager jointly and severally responsible for compliance with the Act. This has been strongly pressed upon us in many quarters as being necessary in order better to secure that the provisions of the law are not evaded. The second change is that we have adopted the recommendation of the Factory Commission and have drafted a clause based on the English Statute, enabling the occupier or manager when charged with an offence under the Act to make a complaint before the Court charging the person whom he alleges to be the actual offender, and to obtain exemption from liability if he establishes that he acted diligently to enforce the execution of the Act and that the other person committed the offence without his knowledge, consent or connivance. We believe that this provision is a useful and a suitable one, but in view of the joint liability of the occupier and manager and as the special procedure laid down requires to be worked with care, we have recommended that prosecutions for offences against the Act should be triable only by a Magistrate of the first class.

"Chapter IX contains certain supplemental provisions, the only one of which I need refer to being that which lays down certain regulations regarding the computation of time. The Bill as originally drafted contained a somewhat

complicated provision for changing the local mean time into the standard time which is observed practically all over India. This provision has been given up, and instead we have left it to the Local Government to notify the hours of standard time which should be adopted in any particular area for commencing work in the morning and closing work in the evening. But, in order to maintain the principle of a limit being set to the total period during which an operative can be in the factory, we have prescribed times which adhere to this principle. In doing so we have for the sake of simplicity adopted half-hourly periods. Further, the times of beginning and ending work can be changed according to the different seasons of the year. Thus, in Northern India in the cold weather, when people are disinclined to turn out early in the morning, the hour of commencing work may be put at half past six or seven o'clock.

"I have now referred to the principal changes which have been made in the Bill and which are incorporated in the draft which has been prepared by the Select Committee. I hope and believe that these changes have gone far to render the Bill as revised a good practical working regulation. As I said at the commencement of my remarks, the changes have been generally accepted by the members of the Committee who represent important industries which are affected by the Bill. Many of the new provisions have been suggested by these members, to whom the Government is much indebted for the practical advice they have given in the consideration of a difficult and complicated measure."

His Excellency THE PRESIDENT: "Gentlemen, the work of the Council being now concluded, the Council will adjourn till the 1st of March, when the Financial Statement will be taken."

J. M. MACPHERSON,

*Secretary to the Government of India,  
Legislative Department.*

CALCUTTA ;  
The 3rd February 1911. }



## APPENDIX

Comparative Return of Raids committed in the North-

Serial No.	Name of Agency or District.	Years.	Number of raids.	Approximate value of property looted.	Approximate value of property recovered.	NUMBER OF PERSONS KIDNAPPED.			Number of villages raided.
						Hindu.	Muhammadan.	Total.	
				Rs. A. P.	Rs. A. P.				
1	Tochi . . . . .	1909 .	24	7,147 0 0	600 0 0	10	5	15	6
		1910 .	12	1,846 0 0	105 0 0	3	7	10	3
2	Wana . . . . .	1909 .	20	17,579 0 0	11,579 0 0	...	...	...	2
		1910 .	13	4,917 0 0	4,077 0 0	1	...	1	...
3	Kurram . . . . .	1909 .	47	26,840 0 0	*7,610 0 0	4	29	33	4
		1910 .	25	4,905 0 0	*1,615 0 0	4	23	27	3
4	Dir, Swat and Chitral .	1909 .	3	...	...	...	...	...	...
		1910 .	5	9,412 0 0	...	...	...	...	...
5	Khyber . . . . .	1909 .	...	...	...	...	...	...	...
		1910 .	...	...	...	...	...	...	...
6	Hazara . . . . .	1909 .	...	...	...	...	...	...	...
		1910 .	2	950 0 0	900 0 0	...	4	4	2
7	Peshawar . . . . .	1909 .	6	9,456 0 0	922 4 0	3	1	4	1
		1910 .	21	5,446 0 0	1,850 0 0	5	6	11	1
8	Kohat . . . . .	1909 .	27	11,175 2 0	4,753 3 0	2	20	22	27
		1910 .	24	5,969 0 0	1,392 0 0	11	19	30	24
9	Bannu . . . . .	1909 .	24	52,206 2 1	36,861 1 0	13	6	19	11
		1910 .	45	5,647 2 8	1,648 9 0	16	9	25	16
10	Dera Ismail Khan .	1909 .	14	46,468 0 0	7,905 4 0	...	...	...	14
		1910 .	14	16,620 0 0	3,966 0 0	7	...	7	12
	GRAND TOTAL . . . . .	1909 .	165	1,70,871 4 1	70,230 12 0	32	61	93	65
		1910 .	161	55,712 2 8	16,053 0 0	47	68	115	61

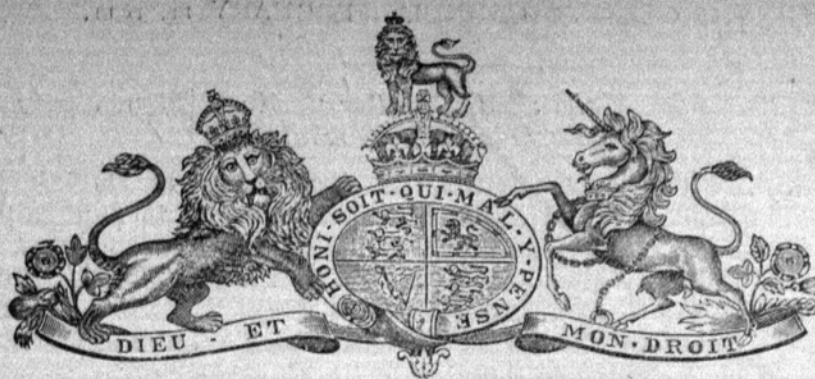
NOTE.—Kurram.—\*These items do not include the Bannu.—†These persons

West Frontier Province in the years 1909-1910.

RESULT OF KIDNAPPING CASES.											
Number of persons released on payment of ransom.			Ransom paid.	Number of persons released without ransom.		Number of persons still in captivity.		Number of persons killed.		Number of persons wounded.	
Hindu.	Muhammadan.	Total.		Hindu.	Muhammadan.	Hindu.	Muhammadan.	Hindu.	Muhammadan.	Hindu.	Muhammadan.
			Rs. A. P.								
8	...	8	3,275 0 0	2	5	...	...	...	...	...	...
1	...	1	600 0 0	1	6	1	1	...	...	...	...
...	...	...	...	...	...	...	...	...	...	...	...
...	...	...	...	1	...	...	...	...	...	...	...
...	12	12	3,695 0 0	4	17	...	...	1	31	...	...
2	4	6	930 0 0	1	7	1	11 and 1 died	1	10	...	...
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...	...	...	...	...	...	...	...	...	19	...	6
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1	...	1	1,425 0 0	4	6	...	...	...	...	...	...
2	5	7	3,760 0 0	...	14	...	1	...	...	...	...
2	4	6	5,450 0 0	5	12	4	2	...	1	...	...
7	1	8	10,270 0 0	4	4	...	...	†2	†1	...	...
8	...	8	8,000 0 0	7	8	...	...	†1	†1	...	...
...	...	...	...	...	...	...	...	...	...	...	...
...	...	...	...	7	...	...	...	...	...	...	...
19	18	37	21,950 0 0	11	41	...	1	3	36	...	1
14	8	22	16,405 0 0	26	43	6	14 and 1 died	2	32	...	6

amounts awarded by the Anglo-Afghan Commission.  
were of the number kidnapped.





# The Gazette of India.

PUBLISHED BY AUTHORITY.

CALCUTTA, SATURDAY, FEBRUARY 11, 1911.

Separate paging is given to this Part in order that it may be filed as a separate compilation.

## PART VI.

Proceedings of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations.

### GOVERNMENT OF INDIA. LEGISLATIVE DEPARTMENT.

PROCEEDINGS OF THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA, ASSEMBLED FOR THE PURPOSE OF MAKING LAWS AND REGULATIONS UNDER THE PROVISIONS OF THE INDIAN COUNCILS ACTS, 1861 TO 1909 (24 & 25 VICT., c. 67, 55 & 56 VICT., c. 14, AND 9 EDW. VII, c. 14).

The Council met at Government House, Calcutta, on Wednesday, the 25th January 1911.

#### PRESENT :

His Excellency BARON HARDINGE OF PENSHURST, P.C., G.C.B., G.C.M.G., G.C.V.O., G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*, and 60 Members, of whom 55 were Additional Members.

#### QUESTIONS AND ANSWERS.

The Honble MR. SACHCHIDANANDA SINHA asked :—

“ In replying to a question put by me at the last meeting of this Council about the Census Commissioner's Circular, the Hon'ble Mr. Butler, in the course of his reply, said :—‘ The object of the Circular was to consult Provincial Census Superintendents as to the feasibility of framing an estimate of the number of persons classed as *Hindus who are not ordinarily regarded as such* and what standards should be adopted for the purpose.....The Government of India believe that any dissatisfaction caused by a misapprehension of the Census Commissioner's original proposal has been allayed by the issue of the communiqué alluded to.....The object of the Circular was to throw light on the statistics. It is clearly desirable that their precise bearing and significance should be explained.’

(a) Will the Government be pleased to state *whose* opinion it is that the persons or classes referred to in the above answer ‘ are not ordinarily regarded ’ as Hindus—whether that of the Hindus themselves or of non-Hindus or of the Government ?

(b) Are the Government aware that even subsequent to the issue of the Government communiqués on the subject, resolutions have been passed at Benares and other cities and also at the Indian Social Conference, recently held at Allahabad, expressing alarm at the suggestion made by the Census Commissioner and protesting against any departure from the lines adopted at the last Census ?

[*Mr. Sachchidananda Sinha : Mr. Butler ; Mr. Robertson ; Mr. Gokhale.*] [25TH JANUARY 1911.]

- (c) Are the Government aware that many of the leading Hindu papers have expressed dissatisfaction with the suggestions made and explanations offered in the said communiqués, as also with the reply given on the subject by the Hon'ble Mr. Butler ?
- (d) Do the Government propose to direct that the new scheme may therefore be deferred till Hindu public opinion on the subject comes round to the view of the Government, in the matter of such light being thrown upon Census statistics and their 'precise bearing and significance' being brought out, as is declared to be the only object of the Government ?

The Hon'ble MR. BUTLER replied :—

"The question whether certain classes should or should not be regarded as Hindus has often been raised, *e.g.*, in the Punjab Census Report for 1891, where it was stated that 7 per cent. of the persons classed as Hindus in the Census Tables had not been returned as such in the schedules, in some cases because they themselves did not claim to be Hindus, and in others because the Hindu enumerators objected to enter them as such.

"Various comments have been made on the Census Commissioner's communiqué and on the reply given to the Hon'ble Member's previous questions. In some quarters satisfaction has been expressed and in others the reverse.

"The Census Report consists of—

- (i) the final tables containing the statistics tabulated from the Census Schedules, and
- (ii) the Census Officer's comments on the statistics and his opinion as to the conclusions to be drawn from them.

"The final Tables are prescribed by the Government of India, and no change of any kind is, or has been, contemplated in the method of compiling them. The Census Commissioner's circular referred solely to the question of their elucidation. The conclusions which may be arrived at are binding on no one. They are merely the personal opinion of the writer. The actual statistics are at the disposal of any one who may wish to make an independent examination of any of the questions involved."

The Hon'ble SACHCHIDANANDA SINHA asked :—

"Are the Government aware that the new system of unregistered value-payable packets which was introduced about two years ago has produced great dissatisfaction in the department and among the public and has led to much confusion and loss ?

The Hon'ble MR. ROBERTSON replied :—

"The Government of India are aware that the simplification of the value-payable system which was introduced from the 1st February 1908 has not proved altogether satisfactory either to the public or to the Post Office, and acting on the advice of the several Trades Associations in India the Director General of the Post Office is about to introduce certain changes which it is hoped will remove any cause for complaint."

#### INCREASE IN PUBLIC EXPENDITURE.

The Hon'ble MR. GOKHALE: "My Lord, I rise to move that this Council recommends to the Governor General in Council that the Government should order a public inquiry by a mixed body of officials and non-officials into the causes which have led to the great increase in public expenditure, both Civil and Military, that has taken place during recent years, so that means may be devised for the greater enforcement of economy, where necessary and practicable.

"My Lord, the Budget Debate in this Council of last year, and more especially the language employed on the occasion by my Hon'ble friend the Finance Minister, had led me to hope that the Government would of their own accord direct such an inquiry, at any rate into the Civil expenditure of the country. That hope, however, has not been justified, and I therefore deem it



[25TH JANUARY 1911.]

[Mr. Gokhale.]

my duty to submit this motion to the consideration of this Council. My Lord, the last twelve years have been in some respects a most extraordinary period in Indian finance. A variety of circumstances, to which I will presently refer, combined to place at the disposal of the Government of India, year after year, phenomenally large revenues—phenomenally large, I mean, judged by the standard of this country; and while advantage was taken of the prosperous condition of the Exchequer to grant a certain amount of relief to the taxpayers, the necessary consequences of an overflowing treasury in a country like India inevitably followed, and the level of expenditure came to be pushed up in every direction in a manner perfectly unprecedented in the history of this country. How large and how unprecedented this growth of expenditure has been may be seen from the fact that two years ago, of a sudden and without any warning, we came to a year of a heavy deficit—the heaviest deficit that this country has known since the Mutiny. And last year, the Hon'ble Member, as if to emphasize the gravity of the situation, felt himself driven to impose additional taxation to the tune of about a million and a quarter in a perfectly normal year, free from famine, war, or any of those other disturbing circumstances which in our mind have been associated with increased taxation in the past. A development of the financial situation so extraordinary and so disquieting demands, in my humble opinion, a close scrutiny, and it is because I want the Government to undertake such an examination that I am raising this discussion in this Council today.

“My Lord, for a proper appreciation of how enormous this growth of expenditure has been during recent years, it would be necessary to take a brief survey of Indian finance over a somewhat extended period; and I propose, if the Council will bear with me, to attempt such a survey as briefly as I can for a period of about 35 years, beginning with the year 1875. I take 1875 as the starting point, because, in many respects, that year was a typical year—being also a normal year—typical of the old *régime* associated with the names of Lord Lawrence, Lord Mayo and Lord Northbrook. I propose to begin with that year and survey the finance of the 33 years that follow, as briefly as I can. Before doing so, however, I think I must place before this Council one or two general views about the financial position of the country. Those who merely look at our Financial Statements are likely to carry away a somewhat misleading idea as to what our real revenue or our real expenditure is. The Statements give certain figures known as gross and certain other figures known as nett. But neither the gross figures nor the nett figures give in my opinion a correct idea of what I would call the real revenue and expenditure. To get at the figure of real revenue, it is necessary in the first place to exclude from the revenue under the Principal Heads, Refunds and Drawbacks and Assignments and Compensations and also the cost of the production of Opium. Then we must take the Commercial Services nett; and to this we must add the receipts under the Civil and Military Departments. I think such a process alone would give us a correct idea of our real revenue. Now applying this to the Budget figures of last year, and those are the latest that are available for us, what do we find? We find that our real revenue, as distinct from either gross or nett revenue as given in the Financial Statement, is about 53 millions, or 80 crores of rupees—being made up of about 49 millions under the Principal Heads, about 1 million net from Railways and Irrigation, about 2 millions, Civil Departmental receipts, and a little over 1 million, Military Departmental receipts. Out of this revenue, about a million is devoted to meet the net charge of interest on unproductive debt, and another million goes to meet the standing charge for Famine Relief and Insurance. If we leave these 2 millions out, 51 millions remain to be devoted to the Civil and Military administration of the country, of which a little over 30 millions is devoted to Civil expenditure and a little under 21 millions is spent on the Army. The Civil charges are made up to-day of about 6 millions for Collection of Revenue, about 15 millions for the Salaries and Expenses of Civil Departments, about 5 millions for Miscellaneous Civil Charges, and about  $4\frac{1}{2}$  millions for Civil Works. This then is the first fact about our financial position which I would like the Council to note. The second fact, which I would like to mention, is that this real revenue, excluding Opium receipts,

[Mr. Gokhale.]

[25TH JANUARY 1911.]

which are uncertain and which moreover are threatened with extinction, is capable of growing at the rate of about  $1\frac{1}{2}$  per cent. per annum. The calculation, which shows this, is an elaborate one and I do not want to weary the Council with its details. I have tried to take as much care as I possibly could to make it accurate and I have discussed the method adopted with those who are qualified to express an opinion on these matters. I think I may say that every care has been taken to eliminate figures which ought to be eliminated from such a calculation, and I feel that the result may be accepted as a fairly correct one. On the basis of this calculation, then, excluding Opium receipts, our revenue may be taken to be capable of growing, taking good and bad years alike, at an average rate of about  $1\frac{1}{2}$  per cent. a year. It therefore follows that any increase of expenditure for normal purposes, *i.e.*, exclusive of any special expenditure that may have to be incurred for special objects, must keep well within this average rate of  $1\frac{1}{2}$  per cent. per year. I trust the Council will keep these two facts in mind, and now follow me in reviewing the growth of expenditure during the 35 years, or rather 33 years, following 1875. I think it best to take 1908-09 as the last year of the period, first because up to that year the growth of expenditure went on practically unchecked, and secondly because complete figures are available to the general public only up to that year. This period of 33 years divides itself into four smaller periods of more or less equal duration—the first of 9 years from 1875 to 1884, the second of 10 years from 1884 to 1894, the third of 7 years from 1894 to 1901, and the fourth of 7 years from 1901-02 to 1908-09. Now, my Lord, for purposes of a fair comparison, it is necessary to reduce the figures for the years selected to what may be called a common denominator, all extraordinary items being eliminated from either side. Thus, if the rates of Exchange for any two years, which are compared, are different, due allowance must be made for that. If there has been either enhancement or remission of taxation in the interval, if new territory has been included or old territory excluded, if certain old heads of accounts have been left out or reclassified, allowance must be made for all these. I assure the Council that I have made such allowance to the best of my ability in the comparison which I am about to institute. Thus, in the first period there was first increased taxation during Lord Lytton's time and then there was a remission of taxation during Lord Ripon's time, and I have made due allowance for both these circumstances. Then the rate of Exchange even in those days was not steady. It was about 1s. 9·6d. to the rupee in 1875 and about 1s. 7·3d. in 1884, and allowance has been made for that. Well, having made these allowances, what do we find? We find, putting aside all extraordinary expenditure due to famines and war, that during this period of 9 years, our total Civil and Military expenditure rose by about 6 per cent., which means an annual increase of about two-thirds per cent. per year, against an annual growth of revenue of about  $1\frac{1}{4}$  per cent. The rate of normal increase of revenue was thus considerably in excess of the rate of growth of expenditure, and it was this fact which enabled Lord Ripon's Administration to remit taxation. The total increase under Civil and Military during this period was about two-and-a-half crores a year. That is the first period.

“The second period of 10 years is the most difficult period to deal with, because there is hardly anything in common between the first year and the last year. It was a period of great military activity in view of certain eventualities that were expected on the North-West Frontier, and it synchronized with a steady fall in Exchange and a steady diminution of Opium revenue. The result was that there were continuous additions to the taxation of the country. In considering the expenditure of this period, we have to make allowance for four disturbing factors. In the first place, an addition was made in 1885 of 30,000 troops—10,000 European and 20,000 Indians—to the Army. Secondly, in 1886, Upper Burma was annexed. Then Exchange fell continuously between 1885 and 1894 from 1s. 7·3d. to 1s. 1·1d. to the rupee, the latter being the lowest point Exchange ever reached. And lastly, Exchange Compensation Allowance was granted to all European officials towards the end of this period, costing over a crore and-a-quarter of rupees or nearly a million sterling. All this necessitated continuous additions to the taxation of the country—during 8 out



[25TH JANUARY 1911.]

[*Mr. Gokhale.*]

of the 10 years, something or other being put on. These four factors make it extremely difficult to compare the starting year with the closing year of this period, but a certain general view, roughly correct, may be presented. It will be found that during this period the Civil and Military expenditure of this country rose by about 14 crores. Out of this 14 crores, however, about  $7\frac{3}{4}$  crores was specially provided for by extra taxation, so that the normal growth of charges during this period was about  $6\frac{1}{4}$  crores. On the other hand, the revenue during this time increased by about 12 crores, of which about 6 crores was from new taxes; and economies were effected to the extent of about 2 crores by suspending the Famine Insurance Grant and in other ways, and thus the two ends were made to meet. The result, during the second period, putting aside all special expenditure for which special taxation was imposed upon the country, was that we had a normal growth of administrative charges for the Army and the Civil administration of about  $6\frac{1}{4}$  crores. This works out at a total increase of about  $14\frac{1}{2}$  per cent. in 10 years, or an average increase of  $1\frac{1}{2}$  per cent. per annum, against a normal growth of revenue from the old resources of a little under  $1\frac{1}{2}$  per cent. a year.

"I now come to the third period. In this period the disturbing elements were not so numerous, the only factor of that character being Exchange. At the beginning of the period, Exchange was as low as 1s. 11d., but it rose steadily to 1s. 4d. in 1899, at which figure it stood practically steady for the three closing years of the period. And but for the fact that 3 of the biggest famines of the last century occurred during this period, as also for the fact that there was war on the frontier at the commencement, the finances of this period would have given a much more satisfactory account than they did. As things were, however, the Railway Revenue had already begun to expand, Opium too had begun to recover, and that extraordinary expansion of general revenues, which was witnessed from 1898 to 1908, had also commenced. The last three years of this period thus belong to a period of extraordinary expansion of revenue on all sides, and in addition to this, under Exchange alone, the Government saved in 1899 nearly 5 crores of rupees on the remittances to England, judged by the standard of 1894. These expanding resources naturally led to increased expenditure, and what stimulated the growth of charges even more than that was that we had during this period 3 years of Lord Curzon's administration—the first 3 years of his administration. As a result of all this, expenditure grew at a greater pace towards the close of this period than during the previous period; but even so, we find that it was kept well under control. During these 7 years, there was an increase of about 6 crores in the expenditure of the country, Civil and Military, which works out at about 11 per cent. or  $1\frac{1}{2}$  per cent. per annum—the Civil expenditure rising by about 14 per cent. in the 7 years or at the rate of 2 per cent. a year, and the Army estimates rising by about  $6\frac{1}{2}$  per cent. or at a little under 1 per cent. per annum. For purposes of this comparison I have reduced the cost of Exchange for the first year to the level of what it would have been, if Exchange had then been 1s. 4d. instead of 1s. 11d. to the rupee.

"Let us now turn to the last period. This period, like the third, was one of 7 years, but it was a period of what was described in this Council last year as a period of 'Efficiency with a big E.' There was a hot pursuit of efficiency in every direction, leading to increased establishments, creation of new appointments, and increases in the scales of pay and promotion and pensions of the European services of the country. As a result what do we find? An increase of expenditure all round which is perfectly astonishing. The disturbing factors during this period were:—(1) the Accounts for Berar were included, (2) the bulk of the Local Funds Accounts were excluded, (3) there were remissions of taxation, and (4) the charges for Military—Marine were transferred from Civil works to Military. Making allowances for all these factors, we find that during these seven years, 1901-02 to 1907-08, the total normal growth of charges, Civil and Military, came to no less than 18 crores! This gives us an increase of about 33 per cent. in seven years, or about 5 per cent. per annum! On the other hand, the expansion of revenue, which in itself was most exceptional, was, making all necessary allowances, about 2 per cent. per annum. We thus come to this—We had an increase of about  $2\frac{1}{2}$  crores

[Mr. Gokhale.]

[25TH JANUARY 1911.]

during the first nine years; we had about six crores during the next 10 years; again about six crores during the next seven years; and we had an increase of not less than 18 crores during the last seven years! Taking the percentages, again, we find that the normal growth of charges per annum in the first period was about two-thirds per cent; it ranged between  $1\frac{1}{3}$  and  $1\frac{1}{2}$  per cent. during the second and third periods; while it was nearly 5 per cent. during the last period! Taking Civil and Military separately, it was 40 per cent. for seven years or nearly 6 per cent. per annum for the Civil, and about 20 per cent., or an annual average growth of 3 per cent. for the Military!

“My Lord, I think it should only be necessary to mention these figures to establish the importance and necessity of an inquiry into the growth of charges during recent years. It will probably be said that this extraordinary increase is accounted for to a great extent by increased expenditure in several useful directions. I admit at once that the Government have found additional money for several desirable objects during this period. But what is the amount so found? The total growth of Civil charges during this period was 13 crores. Out of these 13 crores, a sum of about 3 crores represents roughly the additional expenditure on Police, Education, and grants to Local Bodies. About a million has been added to the expenditure on the Police, with what results it is too early yet to say. I, for one, am not satisfied that the growth of expenditure in this direction has been all good, but I will take it for the moment that the increased expenditure will give us a more improved Police service. Next we find that under Education there has been an increase of about half a million or 75 lakhs, including the sums provided for Agricultural Education and Technical Education. Finally, a little over half a million—nearly two-thirds of a million—represents the grants made to Municipalities and Local Boards for Sanitation, Education and other purposes. Thus, roughly speaking, the additional expenditure on these objects comes to a little over 3 crores or 2 millions sterling, leaving still an increase of about 10 crores to be explained.

“My Lord, I may mention, if the Council will permit me, that it is not only now that I am complaining of this extraordinary rise in charges. As far back as 5 years ago, when we were in the midst of this period and when charges were still going up by leaps and bounds in every direction, I ventured to make a complaint on this subject in the Council. If the Council will pardon me for quoting from myself, I would like to read a few lines from what I then said. Speaking in the Budget Debate of 1906-07, I ventured to observe:—

“The surpluses of the last few years—rendered possible by the artificial enhancement of the value of the rupee, and realised, first, by maintaining taxation at a higher level than was necessary in view of the appreciated rupee, and, secondly, by a systematic under-estimating of revenue and over-estimating of expenditure—have produced their inevitable effect on the expenditure of the country. With such a plethora of money in the Exchequer of the State, the level of expenditure was bound to be pushed up in all directions. Economy came to be a despised word and increased establishments and revised scales of pay and pension for the European officials became the order of the day. Some remissions of taxation were no doubt tardily granted, but the evil of an uncontrolled growth of expenditure in all directions in the name of increased efficiency was not checked, and the legacy must now remain with us. The saddest part of the whole thing is that in spite of this superabundance of money in the Exchequer and the resultant growth of administrative expenditure, the most pressing needs of the country in regard to the moral and material advancement of the people have continued for the most part unattended to and no advantage of the financial position has been taken to inaugurate comprehensive schemes of State action for improving the condition of the masses. Such State action is, in my humble opinion, the first duty now resting on the Government of India, and it will need all the money—recurring and non-recurring—that the Hon’ble Member can find for it.”

“That this complaint was admitted in its substance to be just by the Government, or rather by the representative of the Government in the Finance Department, will be seen from certain very striking observations made the following year by His Honour Sir Edward Baker, who was then our Finance Minister. Speaking in the Budget Debate of 1907-08 about a proposal that there should be a further increase in the salaries of certain officers, he protested



[25TH JANUARY 1911.]

[*Mr. Gokhale.*]

that he regarded that proposal 'with astonishment, and something like dismay'; and then he proceeded to say :—

'I have now been connected with the Finance Department of the Government of India for 5 years continuously, and during the whole of that period I do not believe that a single day has passed on which I have not been called upon officially to assent to an increase of pay of some appointment or group of appointments, to the reorganisation of some Department, or to an augmentation of their numbers. All experience proves that wherever revision is needed, either of strength or emoluments, the Local Governments and the Heads of Departments are only too ready in bringing it forward. Nor are the members of the various Services at all backward in urging their own claims. I cannot in the least recognise the necessity for imparting an additional stimulus to this process.'

"It will thus be seen that there has been a great deal of expenditure incurred during the last few years of a permanent character, which was rendered possible only by the fact that Government had large surpluses at its disposal. In view of this, and in view of the great deterioration that has since taken place in the financial position, I think it is incumbent now on the Government to review the whole situation once again. My Lord, this was the course which Lord Dufferin adopted in his time, though the growth of charges then was nothing like what it has been during the last decade. When Lord Dufferin became Viceroy, he decided to increase the Army in this country and for that purpose wanted more money. And so he appointed a Finance Committee to inquire into the growth of expenditure that had taken place just before his time, so as to find out what saving could be effected. The Resolution, appointing that Committee, is a document worth the perusal of the present Government of India. It speaks of the growth of Civil expenditure that had taken place during the preceding five years as 'very large,' though, as I have already pointed out, the increase was only at an average rate of about  $\frac{2}{3}$  per cent. per annum between 1875 and 1884, or taking the charges for Collection of Revenue and the Salaries and Expenses of Civil Departments only, it was about  $1\frac{1}{2}$  per cent.—the increase under these two heads being higher than under other heads. If that rate of increase was, in Lord Dufferin's opinion, 'too large,' I wonder what expression he would have used to describe the pace at which expenditure has grown during the last decade !

"My Lord, I now come to the form of the enquiry which I propose. I propose, in the first place, that the enquiry should be a public enquiry, and I propose, secondly, that it should be by a mixed body of officials and non-officials. As I have already observed, the language employed by the Hon'ble the Finance Member last year in this connection had led me to hope that Government would of their own accord order such an inquiry into the matter. In Simla last August, however, when I asked the Hon'ble Member a question in Council, he said that what he had meant was a Departmental inquiry only. Now, my Lord, the position is so serious that a mere Departmental inquiry will not do. In support of this view, I may quote my Hon'ble friend himself. He said last year that the question of economy did not rest with his Department alone; it rested with the Government of India as a whole. He also said that if economy was to be enforced, public opinion, both in this country and in England, would have to enlist itself on the side of economy. Now the only way to enlist public opinion on that side is by holding a public enquiry into the growth of charges, as was done by Lord Dufferin, so that the people might know how the charges have been growing and where we now stand. My Lord, I do not want a mere Departmental inquiry at the head-quarters of Government. An inquiry at Simla or Calcutta will only be a statistical inquiry. What we want is a Committee, somewhat on the lines of Lord Dufferin's Committee, with one or two non-officials added, going round the country, taking evidence, finding out from the Heads of Departments what possible establishments could be curtailed, and making recommendations with that care and weight and deliberation, generally associated with public inquiries. I urge such an inquiry, because, governed as India at present is, public inquiries from time to time into the growth of expenditure are the only possible safeguard for ensuring an economical administration of our finances. Under the East India Company, the situation was in some respects stronger in such matters. The

[*Mr. Gokhale.*]

[25TH JANUARY 1911.]

Imperial Government, which now finds it easy to throw on India charges which should not be thrown on India, was in those days resisted by the Company, whenever it sought to impose such charges. On the other hand, Parliament exercised a jealous watchfulness in regard to the affairs of the Company, and every 20 years there used to be a periodical inquiry, with the result that everything was carefully overhauled; and that tended largely to keep things under control. With the transfer of the Government of this country from the Company to the Crown, things have been greatly changed. All power is now lodged in the hands of the Secretary of State, who, as a Member of the Cabinet, has a standing majority behind him in the House of Commons. This means that the control of Parliament over Indian expenditure, though it exists in theory, is in practice purely nominal. In these circumstances, the importance and value of periodical public inquiries into our financial administration should be obvious to all. There have been three such inquiries since the transfer of the Government from the Company to the Crown. The first was by a Parliamentary Committee in the seventies. The Committee, which sat for nearly four years, took most valuable evidence. Unfortunately Parliament broke up in 1874, before the Committee had finished its labours, and the Committee dissolved with the dissolution of Parliament. The second inquiry was by the Committee appointed by Lord Dufferin in 1886-87, and ten years after, in 1897, a third inquiry was ordered, this time by a Royal Commission presided over by Lord Welby. Fourteen years have elapsed since then, and I think it is due to the country that another Committee or Commission of inquiry should now be appointed to inquire in a public manner into the growth of charges and find out what economies and reductions are possible and how the level of ordinary expenditure may be kept down. And this inquiry must not be in London or at Simla or Calcutta. It must be by a body which will go round the country and take evidence.

“My Lord, I will now state what, in my opinion, are the remedies which the situation requires. My proposals are four in number, and they are these:—in the first place, what Mr. Gladstone used to call the spirit of expenditure, which has been abroad in this country for a great many years, and especially during the seven years between 1901-02 to 1908-09, should now be chained and controlled, and, in its place, the spirit of economy should be installed. If the Government would issue orders to all Departments, as Lord Dufferin did, to enforce rigorous economy in every direction and to keep down the level of expenditure, especially avoidable expenditure, I think a good deal might be done. Lord Dufferin's Government wanted money for military preparations. I earnestly hope that Your Lordship's Government will want to find money for extending education in all directions. In any case, the need for strict economy is there, and I trust that Government will issue instructions to all their Departments to keep down administrative charges as far as possible. That is my first suggestion. In this connection I may add this. Care must be now taken never again to allow the normal rate of growth of expenditure to go beyond the normal rate of growth of revenue. Indeed, it must be kept well within the limits of the latter, if we are not to disregard the ordinary requirements of solvent finance. If special expenditure is wanted for special purposes, as may happen in the case of an invasion or similar trouble, special taxation must be imposed, and we shall be prepared to face the situation and support the Government in doing so. But in ordinary circumstances, the normal rate of growth of expenditure must not exceed and should be well within the normal rate of growth of revenue.

“My second suggestion is that the Military expenditure should now be substantially reduced. My Lord, this is a somewhat difficult question, and I trust the Council will bear with me while I place a few facts on this subject before it. Our Military expenditure, which, till 1885, was at a level of about 16 crores a year, now stands at well over 31 crores. The strength of the Army was first determined by a Commission which was appointed after the Mutiny, in 1859, and that strength—roughly sixty thousand Europeans and one hundred and twenty thousand Indians—continued to be the strength of the Army till 1885. On many occasions during that interval,



[25TH JANUARY 1911.]

[*Mr. Gokhale.*]

those who were responsible for the Military Administration of the country pressed for an increase in the number of troops, but without success. In 1885, 30,000 troops—ten thousand European and twenty thousand Indian—were added. The number has been slightly increased since, and we have at present about 75,000 European troops and double that number of Indian troops. Now, my Lord, my first contention is that the country cannot afford such a large army, and in view of the great improvement, which has taken place in mid-Asian politics, it should now be substantially reduced. Not only responsible critics of Government but many of those who have taken part in the Administration of India and who are or were in a position to express an authoritative opinion on the subject, have publicly stated that the strength of the Indian Army is in excess of strictly Indian requirements. Thus General Brackenbury, who was a Military Member of this Council at one time, stated in 1897, in his evidence before the Royal Commission on Indian Expenditure, that the strength of the Indian army was in excess of Indian requirements, and that part of it was intended to be a reserve for the whole Empire in the East. I may also point out that the Army Commission of 1879, of which Lord Roberts was a member, held that the then strength of the Indian army—60,000 English troops and 120,000 Indian troops—was sufficient for all requirements—sufficient to resist Russian aggression, not only if Russia acted alone, but even with Afghanistan as her ally. Then, my Lord, when the South African war broke out, a substantial number of troops was sent out of this country for service in South Africa, at a time when the situation should have been regarded as anxious for India. A part was also sent to China about the same time, and yet things went on here as well as ever. All these things show that the strength of the Indian army, as it exists to-day, is really in excess of Indian requirements. It may be said that this is a matter of military efficiency, on which non-official members are not qualified to express an opinion. If I were venturing an opinion on the technical details of Military Administration, I should myself blame myself for my presumption; but this is a matter of policy, which, I venture to think, all laymen—even Indian laymen—are qualified to understand, and on which they are perfectly entitled to express an opinion. Any one can see that the situation in mid-Asia and on the Frontiers of India has undergone a profound change. And, in view of this change, I think it is due to the people of this country, who have borne this enormous military burden for a number of years, that some relief should now be granted to them, and thereby funds set free to be devoted to more useful and more pressing objects. My Lord, military efficiency, as Lord Salisbury once pointed out, must always be relative. It must depend not only on what the Military authorities think to be necessary, but on a combined consideration of the needs of defence and the resources which the country can afford for the purposes of such defence. Judged by this standard, I think that our Military expenditure is unduly high; and I therefore respectfully urge that a part of this expenditure should now be reduced by reducing the troops to the number at which they stood in 1885.

“My Lord, my third suggestion is that there should now be a more extended employment of the indigenous Indian agency in the public service. In this connection I am free to recognise the necessity of paying as a rule the Indian at a lower rate of payment than the Englishman who holds the same office. I think this is part of our case. If we insist on Indians being paid at the same rate as Englishmen, we cut away a large part of the ground from under our feet. Except in regard to those offices, with which a special dignity is associated, such, for instance, as Memberships of Executive Councils, High Court Judgeships and so forth, where of course there must be strict equality, even as regards pay, between the Indian and the Englishman, there must, I think, be differential rates of payment for the Indian and the European members of the public service. What is however necessary is that care must be taken not to make such distinctions galling. Instead of the present division into Provincial and Imperial services, or instead of laying down that the Indian should be given two-thirds of what the Englishman gets, I would provide a fixed salary for each office, and I would further provide that if the holder of the office happens to be an Englishman, an extra allowance should be paid to him, because

[*Mr. Gokhale.*]

[25TH JANUARY 1911.]

he has to send his wife and children to England, and he has often to go there himself. These have to be recognized as the exigencies of the present situation and they must be faced in the proper spirit. I should, therefore, have a fixed salary for each office; and I would then throw it equally open to all, who possess the necessary qualifications, subject to the condition already mentioned, that an English holder of it should get an extra allowance for meeting extra expenses. Then, when you have to make an appointment, you will have this before you. An Indian—pay, say, Rs. 500 a month—an Englishman, pay Rs. 500 *plus* an allowance, say, of Rs. 166. If you then are really anxious for economy, you will have to take the Indian, other things being equal.

“My fourth and last suggestion is this—that provision should now be made for an independent Audit in this country. My Lord, this is a matter of very great importance and it has a history of its own. In the eighties there was some very earnest discussion on this subject between the Government of India and the Secretary of State. The first proposal on the subject, curiously enough, went from the Government of India themselves; that was when Lord Cromer—Sir E. Baring, as he then was—was Finance Minister of India, and Lord Ripon, Viceroy. In a despatch, addressed by the Government of India to the Secretary of State in 1882, the Government urged that a system of independent Audit should be introduced into India. The whole of that despatch is well worth a careful study. After a brief review of the systems of Audit in different European countries, which the Government of India specially examined, they state in clear terms that they have come to the conclusion that the system of Audit in this country by officers who are subordinate to the Government is not satisfactory and must be altered. And they insist on two things:—first, that the officer, who was then known as Comptroller General, or as he is now called, Comptroller and Auditor General, should be entirely independent of the Government of India, that he should look forward to no promotion at the hands of the Government of India, and that he should be removable only with the sanction of the Secretary of State in Council, and, secondly, that his position, as regards salary, should be as high as that of the Financial Secretary, and that he should reach that position automatically by annual increments after twenty years’ service. The Secretary of State of that time, however, under the advice of his Council, which, as a rule, is averse to change or reform, declined to sanction the proposal. He considered that it was not suited to India, that it was not really necessary, and that it would cost a good deal! Curiously enough, however, five or six years afterwards, the same proposal was revived by the Secretary of State for India himself. Lord Cross was then Secretary of State and the despatch in which he reopens and discusses this question is also worth a careful perusal. Like the Government of India of 1882, he too dwells on the unsatisfactory character of the Indian Audit, especially owing to the fact of the Head of the Audit Department being a subordinate of the Government of India, and points out how necessary it is that this officer should be independent of the Indian Government. The proposal was, however, this time resisted by the Government of India, Lord Lansdowne being then Viceroy, and it again fell through. Now, my Lord, I respectfully urge that the question should be taken up once again and the Auditor General made absolutely independent of the Government of India. In England, the Auditor General submits an annual Report on all irregularities, which have come under his notice, to the House of Commons, and the House refers it to a Committee, known as the Committee of Public Accounts, which then subjects the officials concerned to a searching and rigorous examination. As our Council does not yet vote supplies, it will, I recognize, be necessary in present circumstances that our Auditor General’s Report should be submitted to the Secretary of State for India, who is the final authority in financial matters. But the Report should be made public, being laid before Parliament every year and being also published in India. Then our criticism of the financial administration will be really well-informed and effective. At present non-official members can offer only general remarks for the simple reason that they are not in a position to know anything about



[25TH JANUARY 1911.]

[*Mr. Gokhale; Mr. Meston.*]

the details of financial administration. This will be altered, if they obtain the assistance of an annual Report from an independent Auditor General.

"My Lord, I have done. I want this inquiry to be undertaken for four reasons. In the first place, this phenomenal increase in expenditure demands an investigation on its own account. Economy is necessary in every country, but more than anywhere else is it necessary in India. Certain observations, which were made by Lord Mayo 40 years ago on this point, may well be recalled even at this distance of time. In speaking of the Army expenditure, he said in effect that even a single shilling taken from the people of India and spent unnecessarily on the Army was a crime against the people, who needed it for their moral and material development. Secondly, my Lord, expenditure must be strictly and rigorously kept down now, because we are at a serious juncture in the history of our finance. Our Opium revenue is threatened with extinction. Thirdly, I think we are on the eve of a large measure of financial decentralisation to Provincial Governments, and it seems certain that those Governments will be given larger powers over their own finances. If, however, this is to be done, there must first of all be a careful inquiry into the present level of their expenditure. That level must be reduced to what is fair and reasonable before they are started on their new career. Last, but not least, we are now entertaining the hope that we are now on the eve of a great expansion of educational effort—primary, technical and agricultural, in fact in all directions. My Lord, I am expressing only the feeling of my countrymen throughout India when I say that we are earnestly looking forward to the next five years as a period of striking educational advance for this country. Now, if this advance is to be effected, very large funds will be required, and it is necessary that the Government of India should, first of all, examine their own position and find out what proportion of their present revenues can be spared for the purpose. My Lord, these objects—education, sanitation, relief of agricultural indebtedness—are of such paramount importance to the country that I, for one, shall not shrink from advocating additional taxation to meet their demands, if that is found to be necessary. But before such additional taxation can be proposed by Government, or can be supported by non-official members, it is necessary to find out what margin can be provided out of existing resources. This is a duty which the Government owes to the country; and the representatives of the taxpayers in this Council owe it to those, on whose behalf they are here, to urge this upon the Government. It is on this account that I have raised this question before the Council to-day, and I earnestly trust the Government will consider my proposals in the spirit in which they have been brought forward. My Lord, I move the Resolution which stands in my name."

The Hon'ble MR. MESTON: "My Lord, if he will permit me, I should like to begin by offering my congratulations to the Hon'ble Mover upon the lucidity and the extreme fairness with which he has placed this complicated case before the Council. Like the late Mr. Gladstone, the Hon'ble Mr. Gokhale has the rare and happy knack of making figures interesting, and it has been a sincere pleasure to listen to the skill with which he marshalled his figures and inspired life into the dry bones of our statistical returns. It is with this side of his argument—the purely statistical aspect of the case—that I propose to proceed, and I rise with no intention of controverting the conclusions which the Hon'ble Member has placed before us in this Council. But I will suggest—and I am sure that the Hon'ble Member will agree with me—that his conclusions are not the only ones which emerge from this vast and intricate subject. He has drawn a picture—almost a sort of architectural drawing—of the huge structure of our financial administration; and with the hand of the trained critic he has pointed out where he thinks we have paid too much for the building, and what parts of it he thinks are superfluous. What I would now ask the Council to do is to come inside the building, survey the business that we carry on in it, and see why we have had to add room after room and storey after storey. In other words, I would ask them to consider what this growth of expenditure means, and why it has been necessary.

[*Mr. Meston.*]

[25TH JANUARY 1911.]

"Mr. Gokhale opened his speech by a striking description of how the taxation of last year fell from a blue sky, in a year of normal conditions and with no special dangers ahead. That situation is very recent and almost every one in this room must remember that the taxation of last year was proposed in consequence of a very large deficit which was due to the collapse in revenue following a heavy famine and an acute depression in trade; and secondly to the prospective loss which we expected owing to the possible disappearance of our opium trade with China. The Hon'ble Member then took a broad review of the finances of India for the last 35 years. Now 35 years is but as a day in the annals of this ancient land; yet it is a very big slice in the modern history of India, since the country first began to develop its administration along western lines. It is true that the public expenditure of India has nearly doubled since 1875. But would it not be easy to find a civilized country where the same thing has not happened in approximately the same time? In England the gross expenditure in 1875 was £74 millions; in the year 1908 it was 152 millions. In France just before the Franco-Prussian War the public expenditure was 2·2 milliards of francs; it is now I believe 5. The Russian budget exactly doubled in the 20 years following 1870. In Belgium it very much more than doubled; and even in the happy little Republic of Switzerland the cost of government rose from 43 million francs in 1875 to 81 million francs 20 years later. These illustrations show us that in other countries besides India, whatever be their form of government, the pace of expenditure has been as fast as with us; and it could not seriously be contended that the changes in these countries—whether political or economical or administrative—have been more rapid in the time than they have been in India. The great increase of expenditure that has taken place during these 35 years is an index, not of administrative extravagance, but of the evolution of our administration from a simple and almost primitive form into a form which brings it in line with countries where the process has been much longer and slower.

"I shall now ask the indulgence of the Council for a brief description of the growth of our expenditure in recent years. It would take too long for the time at my command to attempt to follow Mr. Gokhale through the whole period which he has selected. Comparisons by periods, with all the statistics reduced, so to say, to a common denominator, and with net figures taken wherever possible, provide the only sure method of handling this subject with scientific exactitude; but the method is a little puzzling to plain people; and all that I shall put before the Council is a broad comparison between the expenditure of India in 1898 and the expenditure in 1909. At the outset there are several corrections that have to be made. In 1908 the whole expenditure of our district and local boards appeared in the Government accounts. It has now been removed. In 1898 the fertile little province of Berar had a separate account rendered for it which you will find buried in the Appendices of our old Blue Books. Its accounts are now incorporated with those of British India; so that if you take the record of expenditure which you find in our Blue Books, and compare 1898 as it stands with 1909, you get a misleading comparison. I need hardly say that Mr. Gokhale has scrupulously carried out the necessary corrections and adjustments before presenting the figures which he gave the Council. Following his example and making the necessary corrections, but using gross figures for the sake of simplicity, I will now compare the two years which I have chosen. They are not, as it happens, the same years as Mr. Gokhale has chosen for the basis of his arguments: but they give a sufficiently simple and at the same time truthful picture of the relation between the growth of expenditure and administrative change. 1898 I have selected for several reasons. It is the year up to which Lord Welby's Commission practically brought their examination of our finances. It was the first year in which our exchange had practically settled down to its present standard of 1s. 4d. It was the opening year of a Viceroyalty which was associated—and rightly associated—with a great stimulus to administrative progress and efficiency. Finally it was a good normal year with average harvests, no unusual civil charges, and no external military activity. 1909, on



[25TH JANUARY 1911.]

[*Mr. Meston.*]

the other hand, has been selected simply because it is the latest year of which we have available figures; but it also was a good normal year with no particular departure from the usual scale of civil or military expenditure.

"And so at last I come to my point. The total gross expenditure of India in 1898, including the Berar accounts, was £56 millions. In 1909 it was £73 millions—a rise of £17 millions. Out of this roughly £3 millions has occurred in the military charges of the country, and to these £3 millions I shall not refer again, as my Hon'ble friend Mr. Brunyate intends to explain them to the Council, and he will do so with an intimacy of knowledge to which I cannot pretend. I am left then with £14 millions of civil charges to describe. From this, £4½ millions may at once be subtracted; for it represents the growth in the expenditure of our commercial Departments, our Railways, Canals, Post Office and Telegraphs; this being more than covered by the growth in the earnings of these Departments during the same period. There is no time to prove this to the Council, and I must ask them, as the lawyers say, to 'take it from me' that the development of our Commercial Departments has more than paid its way during these 12 years. The growth of purely civil expenditure thus presents itself as a figure of £9½ millions, which is very nearly the increase of 40 per cent. on which Mr. Gokhale has laid stress. Now, how is this £9½ millions made up? I will endeavour to tell you. £1 million has mainly gone in additional expenditure on our land-revenue establishments. The complexity of our land tenures and the growing volume of litigation in our rent courts very largely explain this increase. I believe that the condition of the revenue staff in our districts is a condition of chronic overwork, and I venture to think that here at least there is not much saving to be effected. It must also be remembered that since 1898 a great army of village accountants, who were formerly a charge on local funds of their own, has come upon the general revenues. Another £¾ million represents the increased cost of working our forests, guarding our excise, collecting our customs, and the like. The increase is extraordinarily small compared with the growth of the revenue from these important sources. Another £¼ million is made up of a number of petty increases. We have to pay more interest, for example, on our Provident Funds, because there are more subscribers; and I am afraid that we all write more and print more than we did 12 years ago, and so have to pay more for stationery and printing presses. That accounts for £2 millions out of my £9½ millions. A third million has been devoted to our courts of law and our jails; with the ceaseless growth of litigation and the constant demand for improvements in our prisons, it is difficult to see how this could have been avoided. Another £1 million has gone into certain of the minor services: about £500,000 in the development of agricultural, veterinary and other scientific work; £200,000 in strengthening our medical arrangements, particularly against plague; and about £300,000 in political charges, largely in connection with the new Frontier Province. This brings us up to £4 millions out of my £9½ millions. A fifth million has been spent on education; and £2 more millions have gone into raising the standard of expenditure on Civil Works—new schools, better hospitals, improved roads, more bridges, etc. This rise of £ millions has occurred almost wholly in the Provinces; and those Hon'ble Members who represent the Provinces in this Council will be able to say whether the increase of expenditure on these beneficent services is in any way comparable with what they would have desired if more funds had been available. I have now accounted for £7 millions. Out of the balance £1½ millions has been used upon the Police, raising their pay and prospects, improving their training, increasing their supervision and labouring to eradicate the faults and abuses which impede the usefulness of that large public body. Of the £1 million that still remains to explain, about half has gone in strengthening the machinery of control at the head-quarters of our Governments, Imperial and Provincial—the Secretariats, the Audit offices and the enlarged Councils. The last half million appears in the shape of increased pension charges, a necessary corollary of the growth of salaries and establishments.

"Such then is the tale of the 9½ millions by which our civil charges have increased since Lord Elgin laid down office. It is not an ignoble tale. It

[*Mr. Meston; Mr. Dadabhoy.*] [25TH JANUARY 1911.]

is not a tale of mismanagement or squandering. But of course it is not complete. If time allowed I should like to show some of the generic causes, so to speak, for this increase;—how far, for example, it has been forced upon us by the steady rise in prices and by the demand of all classes of State employes for a higher standard of comfort. I should also have liked to analyze the figures and show how far the increase is recurring and inevitable, and how far it is due to expenditure of a non-recurring character which can be curtailed when funds are running short. I would also point to the striking fact that, during the 12 years of which I have been speaking, the Government have remitted taxation to an extent which has left the public exchequer poorer and the people richer by no less than  $4\frac{1}{2}$  millions a year; and yet in spite of this and of the growth in expenditure, we have only once during this period failed to show a substantial surplus in our annual accounts. It is impossible, however, to enter into all this now. The warning which underlies our statistics and which the Hon'ble Mover has brought out with admirable clearness, is the liability that is hanging over us for further expenditure on the moral and industrial development of the country, combined with the fact that one of our main sources of revenue—not one of our largest, happily, but still sufficiently serious—is in grave jeopardy. On this argument I have only one word to say, and it will be my last. Our financial administration is not blind to the signs of the times, and our finances will, I trust, be found ready to adapt themselves to the new conditions.

“There is indeed one very encouraging piece of evidence that they have already begun to do so; for the period 1898-1909 is sharply divided into an era of prosperity and an era of depression. From 1898 to 1906 the advance of prosperity was almost uninterrupted. After 1906 came a check—financial panic, bad harvests, dull trade and falling revenue. Was this change reflected in any check in expenditure or did we go on in these later years at the same rate as had been possible in our earlier and richer period? The answer is unmistakably given in the figures. Between 1898 and 1906, our average increase of expenditure was £1,900,000 a year. Between 1906 and 1910, it fell to £600,000 a year, or less than one-third of the rate of increase that had been maintained in our days of prosperity. This does not look as if the still, small voice of the Finance Department had been altogether ineffective.

“I have not attempted to speak on the questions of policy underlying the Resolution. My remarks have been intended to show what the growth in expenditure has meant, that it has proceeded on defensible lines, and that, if it has now to be curtailed, the Government of India may be trusted to find the way, as they have in the past, to do what may be necessary to ensure our financial stability.”

The Hon'ble MR. DADABHOY: “My Lord, I have heard with interest the speech of the Hon'ble Mr. Meston. Despite of the ability with which he has dealt with the subject, I submit, he has not succeeded in dislodging the Hon'ble Mr. Gokhale from the position he has taken. My Lord, one of the greatest of England's political thinkers, Edmund Burke, counselled inquiry into causes of discontent. The proposition is capable of more general and extended application. In my humble opinion, whether there is discontent or not, it is impolitic to refuse investigation. On this principle the Resolution before the Council ought to be acceptable to Hon'ble Members. The situation is grave enough to demand sifting inquiry. That there is need for economy in the administration, perhaps nobody will deny. Know as I do the Hon'ble Finance Minister's commendable partiality for economy, I conceive he realises it more than any one of us here. The need admitted, the only practical method of proceeding to work is to start with a thorough inquiry into the possibilities and the direction of the desired economy. I do not think the demand for inquiry will elicit serious opposition. But I can well believe that the suggested composition of the Commission might not be so acceptable to all, especially because the Military expenditure of this Government is also a subject on which inquiry is sought. There is an idea, a mere departmental feeling, that Military expenditure is a matter in which laymen, non-officials in particular, are hopelessly out of court; and it might be argued on that assump-



[25TH JANUARY 1911.]

[*Mr. Dadabhoy.*]

tion that the suggestion of non-officials investigating it is futile, if not heretical. But I would remind Hon'ble Members, in the words of Lord Morley, that,—

'after all, civilians have got to decide these questions, and, provided that they arm themselves with the expert knowledge of military authorities, it is rightly their voice that settles the matter.'

"Non-officials may well be associated with experts on the Commission, which I hope and trust Government will be pleased to appoint for the purposes of a thorough investigation. It is better that the lines of economy should be determined in consultation with the taxpayer, and that departmental enthusiasm should be checked, controlled and directed by the good commonsense of the ordinary citizen. My Lord, I like open inquiry by joint Commission. I do not expect satisfactory results from mere departmental inquiry. I trust not only will Hon'ble Members accept the Resolution, but it will be acceptable to Government as well.

"My Lord, the request is for inquiry into both Military and Civil Expenditure. The growth in both directions has been alarming of late, and if the expenditure goes on increasing at this rapid rate sometime longer, the Finance Minister will be bold who will undertake to maintain financial equilibrium with the ordinary resources of Government.

"The public complaint is that the Indian Army is maintained even in times of peace on a war footing. That is the opinion of many who may be expected to be in the know. I will quote here the opinion of Sir Charles Dilke. In the debate in Parliament on the East India Loans Bill, on 7th December, 1908, he inquired,—

'Why is the Indian Army kept on an extravagant scale as compared with that which England can afford in this richer part of the world, and which is altogether out of proportion to that which she dare to ask the Crown Colonies to contribute? Why should there be a two to one different scale beyond Ceylon and India?'

"Where to look for an explanation! It is time the explanation should come.

"My Lord, the despatch of 'a force of rather over 8,000 British officers and men from India, as well as some 3,000 natives for non-combatant services,' for service in South Africa during the Boer War, at a time when considerations of ordinary prudence would have suggested the maintenance of the maximum force in India, affords perhaps the most convincing proof of the fact that at least a portion of the Indian Army is superfluous and not required for the needs of India. But the curious part of the business is that there have been substantial additions to the Army since then, entailing of course extra cost. We have had Reorganisation schemes in the interval with more or less elaborate projects of Special Defence Works. There is no cessation of activity. On March 28th, 1900, Lord Curzon, in justification of a more pretentious Military Budget, referring to the Boer War, remarked in his own forcible way:—

'A storm has taken place in the great ocean, the commotion caused by which will be felt thousands of miles away on every beach and shore. Here, as elsewhere, we shall require to set our own house in order, to overhaul our military machine, and to profit by the lessons learned.'

"Fine sentiment, but the cost is a little too much. According to Major General Sir Edwin H. H. Collen's Memorandum of 21st March 1900, 92 officers were added to the Indian Army at an annual cost of four lakhs of rupees. Lord Kitchener's Reorganisation and Redistribution Scheme provided for the further addition of 350 officers. In 1902-03 the 'establishment of officers, non-commissioned officers and men of British troops' amounted to 74,113. In March 1909 the number rose to 75,250, or an increase of 1,157. The total strength of the Indian section of the Army was 150,586 in 1902-03; in 1909 it stood at 162,093, or an increase of 11,507. This large increase in the Army after all the improvements effected by Major General Collen during a long series of years and despite of the significant fact of the loan to South Africa, requires careful investigation. The necessity of the other large changes carried out by Lord Kitchener equally demands scrutiny. The urgency of the reforms is

[Mr. Dadaboy.]

[25TH JANUARY 1911.]

a matter on which the public would like to have more light. It is anything but clear. Lord Kitchener came to India in 1902, and forthwith set to reorganise the Army. His long explanation in Council would seem to be suggestive of the allegation that the Indian Army was not in an efficient condition at that time, and stood in urgent need of overhauling. His Lordship is a high authority on military affairs, and his opinion is entitled to our respectful consideration. At the same time it would be affectation not to feel that, only a short time before His Lordship's arrival in India, it was stated on perhaps as good authority that the Indian Army was in a 'high standard of efficiency', and that 'very considerable reforms and additions' had 'already been undertaken'. On 27th March 1901 Lord Curzon said in this Council:—

'I allude to the Military Estimates. They have been introduced in a Statement and have been explained to-day in a speech by the Hon'ble Military Member, enumerating the very considerable reforms and additions which we have already undertaken, or are about to undertake, and summarising in a concise manner the principal measures of improvement that have been carried out in the Indian Army during the sixteen years with which, in one or other capacity—culminating in the highest—Sir E. Collen has been connected with the military administration of the Government of India.'

"In his Memorandum of 1900 Major General Collen sought to justify increased expenditure on improvements on the ground that 'the Army in India was to maintain its high standard of efficiency.'

"It is difficult for the uninitiated to understand that only a short time after these authoritative declarations the Army was found in such a state—I will not say of inefficiency, but of unpreparedness—that a mint of money was required for the execution of a new Reorganisation and Redistribution Scheme. Lord Kitchener stated under his Scheme mobilisation had become easy. Judging from previous history, the Transport and Supply Department would not appear to have been so defective. The following passage from Major General Collen's Memorandum already referred to shews it was fairly efficient:

'Last September we despatched a small force to South Africa, and had the satisfaction of receiving the acknowledgments of His Majesty's Government for the promptitude with which the force was equipped and sent off.'

"My Lord, I mention these facts not in a light spirit of faultfinding. It is always risky to dogmatise on a subject of this kind. It is furthest from my mind to do anything of the sort. I concede the security of the Indian Empire is a matter of paramount importance to the citizen as much as to Government. But the lay mind is apt to be bewildered at the different opinions of high authorities—opinions that are not easily reconciled. At any rate, here is a case for inquiry. The Military Expenditure requires looking after. It may be urged in defence of the heavy expenditure of the past few years that the machinery is now perfect. But what guarantee is there that its efficiency will equally impress a future Commander-in-Chief, and that a fresh scheme of Reorganisation will not be launched? But we need not quarrel over the past. The Resolution is much more modest in scope. All that it requests Government to do is to ascertain, by proper investigation which will command the confidence of the people, the direction in which future expenditure might be curtailed. I submit there is not much room for controversy over this.

"My Lord, for my part I would have preferred a Commission that would be free to go deeper into the subject, and to examine the financial relations between England and India with a view to effect a more equitable adjustment. But it is perhaps an ambitious wish. Speaking in this Council, I shall be content to have a Commission such as this Government can appoint.

"My Lord, the Civil Expenditure has grown even more rapidly than the Military Expenditure, and perchance with lesser justification. If the increase had been due to liberal grants for education, sanitation and other pressing and necessary reforms, there would have been less reason for dissatisfaction; but, as it is, the large increase is specially noticeable under the head shewn in the Accounts as Salaries and Expenses of Civil Departments, only a small portion of which is spent on education. We are moving at



[25TH JANUARY 1911.] [Mr. Dadabhoy ; Mr. Brunyate.]

rapid strides. In 1892-93 the expenditure was £9,506,608 ; it was £10,486,837 in 1898-99 and £14,214,789 in 1907-08. Compared to the figure of 1892-93, the expenditure in 1907-08 was more by 49 per cent. It exceeded the total of 1898-99 by 37 per cent. ! It was higher even than the figure of 1904-05 by about 16 per cent. ! In 1909-10 too the expenditure was £14,185,968. This is an alarming rate of increase, and deserves consideration. Let us examine the situation carefully, and find out how far retrenchment is possible and the lines on which it is possible. Our object is not to hamper the Administration by criticising its methods. We would fain place before Government a constructive programme. But without definite data found by a Commission, it is all mere speculation. The increase does not appear to be a normal growth, necessitated by the exigencies of the administration. But instead of speculating about the causes and allowing the public to form their own conclusions regarding them, we humbly request Government to ascertain them by careful inquiry, and to remove such of them as are found avoidable. With these remarks I support the Resolution."

The Hon'ble MR. BRUNYATE : "My Lord, the Hon'ble Mr. Gokhale has touched upon Military expenditure with such brevity and restraint that I hope to be able to deal with that question more shortly than I had expected to be necessary. In any case time would not have permitted me to follow him into its more distant history. I would however like to say on that point that I cannot accept his view that the increase of expenditure from 1900-01 after a long period of retarded expenditure was an example of an essential departure from traditions of economy. I think, if the circumstances are considered, they rather show that financial considerations have been dominating throughout. It was well known to the Government before 1900-01 that the Army was deficient in respect of armament, transport, reserves and organization ; but action was delayed for want of funds. It was not until the Government of India got a sharp lesson from the Frontier operations of 1897, followed by the outbreak of the South African War, and at the same time the financial situation was very greatly improved, that they took the action which had been so long delayed, and the subsequent activity was all the greater because of the delay beforehand. This reorganizing activity began in 1900-01 ; it was developed and systematized in 1904-05, and the higher scale of expenditure continued in full vigour till 1906-07. These and the few following years make up the period which, I think, Council will consider it profitable to review ; and I shall follow the Hon'ble Mr. Meston in taking the years 1898-99 and 1909-10 as the starting and terminal points. I fully realise that the Hon'ble Mr. Gokhale could not be expected to select his period for review with sole regard to military expenditure ; but without going into elaborate explanations, there are some seriously disturbing features in the years he has chosen, particularly in the year 1901-02, the expenditure of which would be a very unsuitable standard for the starting point. For instance, there were in that year nearly a million pounds of savings due to the absence of troops in South Africa and China. There are in any case grave complications in comparing the various figures owing to changes of accounts and in other ways which perhaps I need not trouble Council by describing in detail. In view of these we have had to make certain adjustments and make use of approximate figures. I shall of course leave out, as the Hon'ble Mr. Gokhale has done, extraordinary expenditure on what we call Special Services. There was about a million pounds of such expenditure in 1898-99 in connection with frontier operations. Unlike Mr. Meston I shall use net figures in regard to the military expenditure as this will obviate a number of explanations which would otherwise be needed.

"The broad fact is that in 1898-09 the net military expenditure amounted to something under 15½ millions sterling and in 1909-10 it had risen to a little over 19 millions. The increase of expenditure requiring explanation is actually £3,593,000. I shall group my explanations as much as possible in the hope that this may enable Hon'ble Members to follow them more closely. In the first group, I place several items, the chief one being what I may call nominal increases of military expenditure, that is, increases due to changes of incidence. These account for £300,000. The principal item is the

[*Mr. Brunyate.*]

[25TH JANUARY 1911.]

charge for the Hyderabad Contingent which entered our accounts as the result of the lease of Berar. Next, we have an increase in the payments to the War Office representing the net effect of the award of the Welby Commission in 1901-02 and that of the Romer Committee in 1908-09. These gave us in the net £70,000 more to pay. Thirdly, we have the automatic growth of pension charges, £46,000. I exclude here the increase of pensions which the Government recently gave to the Indian Army, and include under this head only that portion of the growth which is due to conditions in regard to strength and terms of pension which were established before the period under review began. Our first group thus gives us an increase of £416,000 which, without wishing to be argumentative, I may perhaps describe as unavoidable. Most of it is in fact nominal. My second group is the increase in the food charges. Here, again, I include only that portion which is, I think, fairly attributable to the rise in prices: I have made a definite deduction from the actual figure to represent the increased cost of feeding the additions to the army in men and animals which have been made since 1898-99. The year 1909-10 was one in which the prices of supplies were still very high owing to the famine of the previous year, and under this head there is an increase of £465,000. I fully recognise, Sir, that the factor of strictness or laxity of administration is one which enters very closely into these charges, but the steadiness of the food charges over a series of years, their upward bound when famine prices supervened, and more recently their very satisfactory response to improving conditions indicate, I think, that the natural explanation is also the true one. In my third group I take the whole group of what I may call pay concessions: improvements in the terms of service of the British soldier, the Indian soldier, the Indian Army officers and the officers of the Medical Services. These account for the very large increase of £1,360,000. Council are aware that the terms of pay of the British soldier are not a matter wholly within the control of the Indian Government. I think too that they are not disposed to question the increase of pay recently given to the Indian Army. At any rate these are concessions which once made are given once for all. The three groups, nominal charges, food charges and pay concessions, thus account for about £2½ millions out of the increase of £3½ millions which I set out to explain. These groups, I imagine, are matters upon which Council will very readily form their own opinion.

"The fourth group is that about which most question will arise. I should describe this generally as including the recurring expenditure due to re-organization. I am not here referring solely to measures initiated by Lord Kitchener; he himself was careful to distinguish between the work which he took over from his predecessors and measures specially connected with his own name; and in any case many minor schemes are included, many of them of a quite ordinary character, which under the technical rules were financed from our special grants. I think Council will not wish to discriminate unduly in this matter. The whole period from 1900-01 onwards was one of a special kind of activity to which the term re-organization is, I think, generally applicable, and it is best to take the whole figures as they stand without attempting to make deductions on this account and that. I put down to re-organization then, in its wide sense, an increased expenditure of £1,452,000. Of this increase £527,000 was added by the special measures undertaken up to 1904-05, and £697,000 by those belonging to the period 1904-05 to 1909-10. In addition we have to recognise that we are spending every year more for special expenditure than was provided in 1898-99, and that accounts for another increase of £171,000. This figure I must admit is perhaps rather a low one to take: that is because the actual schedule expenditure of 1909-10 was unusually small. And lastly I have included as a matter of convenience an increase in the cost of Volunteers by £57,000 which is due to normal growth and not to any new departure of policy.

"I have thus explained an increase of expenditure amounting to £3,693,000 or £100,000 more than the increase which emerged on a direct comparison between the totals of the two years. It is not of course my purpose to discuss the policy which underlies this increase of expenditure. It is



[25TH JANUARY 1911.]

[*Mr. Brunyate.*]

sufficient for my present purpose if I can definitely connect the increase of expenditure with causes over which the Government of India had no control or with their definitely declared policy. If that can be done, the policy must be judged and not the administration. I think, Sir, that the fact that the whole of this large addition to expenditure can be explained by reference to the outstanding facts and groups of measures which I have mentioned—measures the character of which is already familiar to this Council—goes far to exclude the idea of laxity of control or the supposition, which I think the Hon'ble Mr. Gokhale has not himself suggested and I hope does not share, that there has been an insidious and imperceptible growth of expenditure for which no proper and definite explanation can be given. There have of course been many sanctions to expenditure over and above those which I have selected for mention now. The point is that all the minor additions to expenditure which are going on from week to week, and in the course of a long period of administration must amount to a large sum, as well as larger items which it would be possible for me to specify if Council desired a more elaborate analysis, have in the long run been met by counterbalancing reductions elsewhere. In many cases these counterbalancing reductions have been definite economies effected with the sole object of preventing that growth of military expenditure which would otherwise have been inevitable. It is unfortunate—I wish it was otherwise—that we have not any record of such definite economies in the earlier years of the period. The figures themselves show clearly enough that such economies must have been made, and I wish I could quote them to Hon'ble Members. As regards the period during which Lord Kitchener held the Commander-in-Chiefship, Council are already aware that he effected a saving amounting to some £300,000 a year. Any one who knows the difficulty of interfering with the established order of things, of getting the same services rendered with a smaller outlay than has become traditional, will appreciate the close control on the part of the military authorities which this figure implies. The fact is—and all of us who have been connected with the financial or the military administration are well aware of it—that the higher authorities who have felt it their duty to suggest additional burdens in discharge of their responsibility for maintaining the Army in a state of readiness for war have also regarded it as a matter of personal obligation to make every effort to find a set-off to those new burdens by pruning away redundant and obsolete expenditure wherever it could be found. This process of economy is still going on. Lately we have been keeping a detailed record of the savings as well as of the sanctions, and during the last 12 months or so the economies and the new expenditure have balanced within about £1,000.

“Before I sit down, Sir, I should like to say a few words with more special reference to the military administration of the last few years. The story of re-organization is one with which Council are already very familiar, and I think the point on which they will feel more interested is whether, a long period having been allowed for the preparation of the army, there are any signs that the Government of India is now restricting its expenditure and is administering the army more cheaply, having of course due regard to the permanent liabilities which have been undertaken during these years of special activity. Well, Sir, I think it will not be difficult to show that there has been a change of attitude. It is not for me to say how far this change should go, but there has been a decided change of attitude. I have already said that the year 1906-07 was the last year in which full provision was made for special expenditure on the scale originally contemplated in 1904-05. In 1907-08, the Government of India reduced the special grant by half a million. In 1908-09, they discontinued their practice of re-granting lapses. In 1909-10, they abolished the special grant altogether, and the meaning of that change, as I take it, my Lord, was first that they no longer regarded themselves as bound to provide some minimum amount yearly for the financing of special measures but left themselves entirely free to decide the amount each year with reference to the financial position: and secondly, as I understand their decision, they no longer regarded themselves as bound to carry out the programme of 1904-05 to the full. Every measure which had not at that time been carried

[*Mr. Brunyate ; Mr. Mudholkar.*] [25TH JANUARY 1911.]

out or was not in progress when it now comes up with a view to being undertaken, is reconsidered on its merits and with special regard to the conditions now existing. Now this change in attitude is, I think, Sir, clearly reflected in the figures. In 1906-07, the new special expenditure amounted to £2 millions. In 1907-08, it had sunk to £1 million; in 1908-09, to three-quarters of a million; and in 1909-10, to one-third of a million; and even if this last figure is perhaps abnormally low, there is in any case a very great reduction. If we take the whole net expenditure for the years 1909-10 and 1906-07—without any qualification or explanation whatever—there was a decrease of £1 million. If we take the ordinary expenditure alone, it increased by £648,000. This is because the period of three years happened to include a rise in food charges due to higher prices, and also the increase of the capitation rate, and the grant of improved pay to the Indian Army. But for these specified items, the ordinary expenditure would have gone down by £256,000. My main object, my Lord, has been to lay before Council a fair and intelligible statement of facts which it would be very difficult for them to get from other than official sources. But I hope I may also claim that the figures just quoted show that there has been some real recognition in the last few years of any changes which may have taken place in financial and other conditions."

The Hon'ble MR. MUDHOLKAR : " My Lord, I think it my duty to support the Resolution which the Hon'ble Mr. Gokhale has moved in such an exhaustive, luminous and able speech. I admit the very fair tone of the replies which the Hon'ble Mr. Meston and the Hon'ble Mr. Brunyate have given to parts of his speech. We admit, my Lord, the anxiety of the Finance Department and the Finance Minister to practise economy. That successive Finance Ministers have been attempting to do all that lay in their power to introduce economies into the administration of this country is shown by what men like Sir Auckland Colvin, Sir David Barbour and recently Sir Edward Baker and my Hon'ble friend Sir Guy Fleetwood Wilson have said in regard to the efforts they are making for securing this object. But, as Sir David Barbour said before the Welby Commission, excepting the Finance Minister, every other Member of the Government of India was in charge of one or more spending departments, and pressure brought to bear by them upon the Finance Minister for making greater allotments towards expenditure. A similar statement was also made by Sir Auckland Colvin, who stated that, unless supported by the Viceroy, he found it difficult to carry out economy and to cut down expenditure. Now, I do not repeat this as a reproach against the spending departments. What I mean to say is that, so far as the Finance Department is concerned, though that department is really anxious to effect economy as far as possible, it is not able to do much. The expenditure is determined not by the Finance Department but by the general policy of Government. And what I would ask this Council to take note of, and what I would urge on the attention of Government, is that, when we are asking for reduction of expenditure, we fully recognise that that expenditure cannot be reduced, that no retrenchment can be effected, by merely finding fault with the Finance Department or by saying that the Finance Department should have cut down this or that or the other, but by getting Government to reconsider its whole administrative policy and methods. In view of the facts which have been shown so lucidly by my friend that there has been a very great increase in expenditure, the increase being far in excess of the normal expansion of the revenue—that in regard to military expenditure this has doubled itself during the last 25 years, and that in regard to civil expenditure, the increase which has taken place during the last 6 or 7 years was more than double that which took place in any preceding decade—in view of these facts, my Lord, it becomes necessary to consider whether a thorough examination of our administration and of the demands upon the State has not become necessary. That is what we ask the Government to consider. In this Council, time after time, appeals have been made to the Government by non-official members to effect economy. At the same time those persons who make these appeals also make appeals for increased expenditure on certain heads, and it has been said in reply to them that the persons who ask for economy are also the very persons who ask for increased



[25TH JANUARY 1911.]

[*Mr. Mudholkar.*]

expenditure in regard to pet matters of their own. My Lord, it is unnecessary to show that the two positions are thoroughly consistent.

“What I would like to make clear is that there is absolutely no disposition to disregard the necessary requirements of the Government of India. For instance, in regard to military expenditure, nobody who takes any responsible view would for a moment deny the necessity of maintaining the army in an efficient condition. When therefore any criticism is offered in regard to the military expenditure, what is meant is that when you find that such authorities as Sir Henry Brackenbury or Lord Lansdowne, a predecessor of Your Excellency and present leader of the Conservative Party in the House of Lords—when we find them say that the army in India is more than what is absolutely necessary, is in excess of the requirements of either maintaining internal peace or the prevention of aggression from abroad, it is a thing which really requires consideration, not by the Finance Department, I am afraid not even by the Government of India alone, but by the Government of England and the Government of India.

“Then in regard to civil expenditure nobody denies that we require our necessary civil works to be carried out, that we require the country to have all the amenities of civilised life and all that is wanted for an efficient and a reliable administration. We require the administration of law to be carried on by officers whose honesty cannot be impeached; we require an efficient police for the purpose of the prevention of crime and for the detection and punishment of offences. We require a capable and upright executive. We require all these things. We also require further the higher things which relate to the material and moral progress of the country and the people—education, sanitation, medical relief. All these things are required. What we say is this. We have—to use a homely adage—to cut our coat according to our cloth. And, my Lord, if we find that in normal times, under normal circumstances, with a normal expansion of revenue, the ordinary recurring expenditure which has been sanctioned and which is carried on year after year exceeds the revenue, then a very serious state of things is disclosed. We shall have either to impose additional taxation or we shall have soon to face a situation when fresh loans will have to be incurred for the purpose of meeting our ordinary increased expenditure.

“My Lord, the Hon’ble Mr. Meston referred to the instances of other countries where expenditure has also doubled itself. I would only ask the Hon’ble gentleman to consider that India is a poor country—the average income according to the estimate made by Lord Curzon himself is only £2 per head per year. Now when a person is in affluent circumstances he can afford to pay a much larger proportion out of his income in the shape of taxes than those who are far poorer than he is, and that has to be taken into consideration when we compare the taxation in India with the taxation in countries more advanced.

“My Lord, Lord Salisbury pointed out in 1875 that already the Government was taking from the landed proprietors nearly half their income in the shape of land-revenue or rent or whatever it may be called, and he stated that the land-revenue cannot be expected to continue for any length of time to supply to Government any sources for substantial increase of revenue. The opium-revenue will soon disappear. Our other sources of revenue have not proved to be very expansive. And it is under these circumstances that we non-official members consider it necessary to put the matter before Government. The situation in brief is this. We do want all the amenities of civilised life, but what we have to see is whether the machinery which is very necessary, which is very desirable, and the suitability of which cannot be doubted, cannot for instance be secured at a less cost than now, and whether several items of expenditure incurred in the name of efficiency cannot, without impairing efficiency, be cut down. These are matters which I submit, my Lord, cannot be considered or discussed before this Council even if we allow days and days for such a discussion. They can only be considered by a Committee which sits down and is prepared to go into the minutiae of the matter, to take evidence and to hear what both parties have to say.

“My Lord, we have nothing to say in regard to the expenditure that has been incurred, as pointed out by Mr. Brunyate, in giving an increase to the

[*Mr. Mudholkar ; Mr. Madge.*] [25TH JANUARY 1911.]

British soldiers. It is not that of which non-official members complain. In the changed circumstances of the day, the British soldier requires to be paid better, and the increase in the pay given to the British soldier or to the Indian sepoy are not things with reference to which any criticism is offered when we talk of the growth of the military expenditure. But the criticism that is put forward is in regard to things which to our minds appear as items of avoidable expenditure. Whether we are right or wrong is not for us to say. We say what strikes us and that is put before the Government. It is not in a cavilling or carping spirit that observations like these are submitted to the Council. We believe there are various matters in which the activity of Government will have to be even greater than what it is now. The famine expenditure is one which might for instance be considered as a contingency to be provided for even more than at present ; for there is a famine or scarcity somewhere almost every second or third year. There was a time when the Central Provinces, Berar and Gujrat were considered as immune from famine. The history of the last 20 years, however, has dissipated that belief and has shown that even there the danger is present. In the Central Provinces there was scarcity in 1894-95, 1895-96, followed by the severe famine in 1896-97. Then came the greatest famine of the century in 1899-1900. Again in 1907-08 the Administration had to open relief works and had to suspend about 20½ lakhs of land-revenue out of a total land-revenue of 85 lakhs. The situation therefore is this. Our sources of income are very limited ; its rise is small ; the expenditure has increased in a greater ratio. What should be done, therefore, for securing in normal years a due relation, a satisfactory proportion between the normal growth of expenditure and the normal growth of revenue ? That is the kind of inquiry which is wanted, and we hope that Government will see their way to granting it."

The Hon'ble MR. MADGE: "My Lord, I came here this morning with the fixed determination of opposing this Resolution because, from the indications which the Hon'ble Member who moved this Resolution gave last year, it was likely that he was going to plead for a reduction of expenditure on communications and other measures which are far better calculated to improve the happiness and the prosperity of the masses than anything that he was prepared to advocate. My Lord, I must take up a few minutes of the time of this Council to say that, without changing my principles at all or without receding from the support which I wish to give to the Government, I have been helped by the masterly exposition that Mr. Gokhale has made as well as by official defence to adhere to my own principles in a way that I did not expect when I came here. I think it is a drawback to Mr. Gokhale's statement of the case that he overlooked the rise in prices of the ordinary necessities of life. On all hands we hear complaints that salaries must be raised because people are starving, and we cannot get decent men to fill offices even in the lower grades of the administration. I do not agree at all with the Hon'ble Mr. Dadabhai, nor do I think that lay theories on the subject of military defence are worth any serious consideration. Personally, I do not think that a single British soldier can be dispensed with in this country. Only the other day we had a huge disturbance in the capital of India, in which British troops had to be called out before it could be suppressed. And that was a small indication of how, in any single spot of this vast continent, a whole army may be required to prevent a breach of the peace, which it is the first duty of the Indian Government to maintain.

"But, my Lord, the official defence which has so far been made goes to show that all this expenditure that has been incurred can be defended. It does not, however, go to show that an inquiry will not fortify the position of the Government, and, by justifying every item of expenditure, show the world that their position is an impregnable one. For my own part, I cannot agree at all with the remarks that have been made about the difference between a Commission and an official committee of inquiry, because I should have been quite satisfied if the Hon'ble Finance Member had made the inquiry that he led us to hope last year that he might make, and had given us the results. And I do not at all agree with the proposal for an independent audit, because an auditor has simply to get some vouchers and pass



[25TH JANUARY 1911.]

[*Mr. Madge ; Mr. Gates.*]

the expenditure whether that be justifiable or not. I would much rather trust the responsible officers of this Government, who are English gentlemen, than any mere professional auditor anywhere.

"But, my Lord, the point from which I approach this subject is this. I remember that some 15 years ago—I am not sure about the exact date, as I did not come prepared for this argument—Lord Northbrook made a statement in the House of Lords that, in consequence of the abolition of purchase in the British Army, a charge of 14 millions was thrown on the Indian Treasury. This charge was challenged in the Indian Press over and over again, and after the Welby Commission made an inquiry, special attention was called, both in the Anglo-Indian Press and by Anglo-Indian writers in the London Press, to the fact that a very significant passage in this report seemed to the public at any rate to shirk the very point of the inquiry, which was whether a fair share of military expenditure was thrown upon India or upon the British Government. My Lord, it has not been said only here—it is not an invention or a discovery of mine—but I have read it in the British Press over and over again, that when party politics prevail at home, even Cabinet Ministers are afraid to throw expenditure upon the public, and they will throw it anywhere else. The only remark that has been made by a Member to my left with which I agree at all is that sometimes India is dealt with in a way that none of the colonies would be dealt with. It is in defence of the Government of India that I think some kind of inquiry is necessary to show that the Indian Treasury is fairly dealt with both in the maintenance of the British Army and also when troops from India are sent to South Africa or China or anywhere else. I for one cannot object as an Imperialist to the Empire being maintained anywhere by any troops that can be most handily got hold of. We owe the salvation of the Indian Empire itself to the diversion of the troops in Lord Elgin's time, when they were going to China, and I look upon that as a providential occurrence. In the same way I think our troops should be sent anywhere to serve the needs of the Empire, but I also think that a fair proportion of the charges should be laid upon the British Exchequer.

"My Lord, I have no means of finding out whether justice is done in this matter to the Indian Empire or not. All that I can say is that I have seen details of expenditure challenged in the Anglo-Indian and British Press, and no satisfactory reply given. I feel, my Lord, that I am walking rather over thin ice on this delicate matter; but I think that every loyal supporter of the Indian Government may very well ask that, if any doubt on any point of this sort exists anywhere at all, it should be cleared up by necessary inquiry."

The Hon'ble MR. GATES: "My Lord, the Council may perhaps be willing to listen for a few minutes to the views of an official from an outlying Province upon the motion of the Hon'ble Mr. Gokhale. The Hon'ble Member moved for a Committee to enforce economy where necessary and practicable. I am heartily in favour of economy where necessary and practicable. But is the Hon'ble Member's proposal to appoint a Commission the best method of achieving this result? Is it the best method of preventing the incurring of unnecessary expenditure in future or of retrenching any unnecessary expenditure which now exists? We are not without experience of Committees and Commissions in India. We have had them for various purposes. Representatives of the Supreme Government and representatives, non-official or official, of the various Provinces, not of Burma of course (I cannot remember an occasion on which a representative from Burma was found necessary), but representatives of the other Provinces, the more important or more clamorous Provinces, are got together and their united wisdom is applied to the subject put before them. The circumstances of India are varied and complex. The Committeemen or Commissioners are assiduous and zealous. The witnesses—I think the Hon'ble Mover contemplated a public inquiry—the witnesses are numerous and eager and voluble. A great deal of time, not a little money, are spent on the task, and eventually the report is prepared. During all this time no suggestion on the subject of the report can be entertained. The reply is that the issue of the report must be awaited. Well, the report appears, it is criticised by departments of the Supreme Government, by Local Governments, by public

[*Mr. Gates.*]

[25TH JANUARY 1911.]

bodies, Chambers of Commerce and the like, and perhaps another year or two elapse, and during all this time nothing can be done in connection with that subject. If economy is an urgent need, the method which the Hon'ble Mover proposes does not seem calculated to apply an urgent remedy. Take the case of the Welby Commission, to which the Hon'ble Mover referred. That was appointed in 1895 and it reported in 1900. By the end of 1901, or perhaps it was the beginning of 1902, orders were passed on its report. That was a Commission of great authority; upon the subjects with which it dealt its authority is not likely to be surpassed nor its knowledge equalled. I will recall to the Council the names of the members :—

Lord Welby.

The Right Hon'ble L. Courtney.

The Right Hon'ble W. L. Jackson.

Sir William Wedderburn.

Field Marshal Sir Donald Stewart.

Sir Edward Hamilton.

Sir Ralph Knox.

Sir James Peile.

Sir Andrew Scoble.

Mr. Ryder.

Mr. Buchanan.

Mr. W. S. Caine

Mr. Dadabhoy Naroji.

Sir Robert Mowbray.

"I gathered from something which the Hon'ble Mover said that he wished to reopen the subject of audit, which was one of the questions dealt with by the Welby Commission. Well, that is a point on which opinions may reasonably differ; but we do not want a Committee to take evidence about it. All the evidence is already extant in the report of the Welby Commission. It appears to me that the Hon'ble Mover is neglecting the machinery which lies ready to his hand. There is the Hon'ble Finance Member, full of zeal, desirous of enforcing economy where necessary and practicable. Here is the Hon'ble Mover, full of ideas as to the directions in which necessary economies can be effected. The proper place for the junction of these two forces, and the proper time, are this Council when in Committee on the Budget. This Council is the machinery which has been set up for criticising the financial administration of the Government of India. Why does not the Hon'ble Member move definite Resolutions on the subject of the audit and on other points which he has in mind? Let them be discussed in this Council and let us arrive at a definite result which need not take five or six years to be attained. It appears to me that the Hon'ble Mover entertains a distrust of this Council, which we may hope it does not deserve. Behind his persuasive accents I seem to see the spirit of the Jacobin, of the authoritarian anxious to impose his will by a short way. To my mind, the way which he proposes is not likely to be short and thus, I think, vanishes its only merit. The Hon'ble Member seems to me unconstitutional in another way. The Government of India has handed over to the Local Governments a portion of its revenue and expenditure, and Provincial Legislative Councils have been set up who are charged with the function of criticising and controlling the Local Governments in the administration of that expenditure and in the collection of that revenue. Does not the Hon'ble Mover think that it would be wise to give the Provincial Councils a chance of exercising their functions? Does not he think that the Committee which he proposes to set up is likely to rouse unprofitable discussions as to the limits of the legitimate independence of the Provincial Governments? Surely these are matters which are best left to the Councils which have been established for that purpose. We officials are often reproached with our passion for uniformity; but the Hon'ble Mover outstrips us. This Committee is to roam over the whole of India and inquire into



[25TH JANUARY 1911.] [*Mr. Gates; Pandit Madan Mohan Malaviya.*]

every detail of expenditure. I suppose that in Burma our officials will have to explain over again that they cannot get a punkha-coolie for less than Rs. 10 a month, or a chuprassi for less than Rs. 12; and so on through the whole scope of the administration. Really, my Lord, these are matters which the Local Councils can deal with, and deal with very much better. I said that I was in favour of economy. Perhaps the Hon'ble Mover is sceptical on the subject; but I assure him that we in the Provinces are very conscious of each other's shortcomings, and I have looked at the bloated budget of Bombay, and longed to make economies there and to apply them to the needs of Burma. Even in Burma I daresay that there are directions in which retrenchment of expenditure is possible. But in advocating economy I should like to advocate judicious expenditure as well as positive retrenchment. Do not let us forget the example of Egypt which started its career of retrenchment and reform with a new loan. In my own Province, much money, which has been wasted on temporary buildings and other makeshifts, might have been saved by judicious expenditure at the outset. The Hon'ble Member, if he concentrated on definite cases and on vital points, might expect to reach at an early date some useful end; but the Committee which he proposes seems to me calculated to cause an enormous dissipation of energy and to achieve an insignificant result."

The Hon'ble PANDIT MADAN MOHAN MALAVIYA: "My Lord, I rise to give my humble support to the Resolution which has been moved by the Hon'ble Mr. Gokhale. My Lord, the remarks that have been made by the official members on the subject do not indicate an attitude of opposition to the Resolution. The remarks of the Hon'ble Mr. Meston were directed only to offering an explanation of the great increase that has undoubtedly taken place in expenditure, and the remarks of the Hon'ble Mr. Brunyate went in the same direction. That being so, I take it that the Government of India are satisfied that the rise of expenditure which has taken place is a matter for explanation, and possibly for an inquiry. The situation then is this. There has undoubtedly been a very high increase of expenditure. This is obviously a matter for inquiry to see if all the increase is justifiable and also to see if there is any room for economy in it. It is not proposed that a Committee should be appointed to consider whether economy cannot be effected in such a trifle as the salary of a peon, as the last speaker somewhat lightly suggested it was; but it is recommended that the Committee should consider the propriety of the expenditure of millions of money—expenditure which means money diverted from purposes which would go directly to benefit the people, expenditure, the justice or injustice of which might be examined, might be established or disproved. My Lord, the reason for the inquiry is furnished by two circumstances which my Hon'ble friend Mr. Gokhale very clearly brought out. In the first place, there is the extraordinary rise in the expenditure—I would not refer to the figures which my friend has put so lucidly before the Council—there has been a very great rise both in military expenditure and in civil expenditure. The answer given by the Hon'ble Mr. Meston in that connection, namely, that there has been a similar increase in other countries in expenditure, overlooks one important point. My friend the Hon'ble Mr. Mudholkar has already drawn attention to the fact that in this country the average income is very low. In England, where during the same period the expenditure increased to almost double its previous figure, the average income is nearly £20 per year, whereas the average income in India is only £2 a year according to the statement of Lord Curzon. That being so, the fact that a richer brother has spent quite as much money during the period that has elapsed as a very much poorer one, furnishes, I submit, a very strong and unanswerable argument in favour of an inquiry. Why should India with its low income of £2 per annum double its expenditure in the same period in which England with its income of £20 per annum has doubled it? It has not been suggested that there has been any corresponding increase in the national income of the people here. On the contrary, there is a large body of opinion which has time after time submitted that this income has been diminishing. Whether it has been diminishing or not is a fact about which no one can be positive; but the fact does remain that there is a large body of opinion which thinks that it has been diminishing.

[*Pandit Madan Mohan Malaviya.*] [25TH JANUARY 1911.]

The economic inquiry which has been asked for many times has not yet been ordered, and so nobody can say that the income has not been diminishing as nobody can positively say that it has been diminishing. But be that as it may, the fact that in this poor country expenditure has doubled itself during the last 25 or 30 years as it has doubled itself in England and France is a circumstance which supports the proposal for an inquiry.

“My Lord, so far as military expenditure is concerned, the remarks of the Hon’ble Mr. Brunyate were directed to explaining the actual amount that has been added to the expenditure and in pointing out in what directions it has gone. That is no doubt satisfactorily explained. I have no doubt that every item that has been spent by the Government of India has been legally spent and could be satisfactorily explained in the sense that it has been devoted after consideration, after deliberation, by the departments which spent it, and after the sanction of the Government of India, to some useful object. The whole point, my Lord, is whether, in incurring that expenditure, a larger sum has not been spent than might have been spent, having regard to the fact that there are far more pressing demands for expenditure for objects which more directly affect the weal and woe of the people; and for that purpose, I submit, nothing is more urgently needed than an inquiry such as that suggested by my Hon’ble friend. My Lord, it is now fourteen years since the last inquiry of this kind was held. If an inquiry is now ordered, it would prove one of two things; it will either prove that the expenditure which has been incurred has, as is suggested by some members, been absolutely justifiable, that it was expenditure which could not be avoided, that it was expenditure which could not be incurred in a smaller measure. In that case, my Lord, the position of the Government will be very much strengthened, and the people at large will feel satisfied that there is no reasonable room for complaint on this score. If, on the other hand, the result of the inquiry will show that expenditure, though it has of course been incurred on objects which have been sanctioned, might have been avoided or incurred in a smaller measure, and if it recommends a reduction of such expenditure, it will be entirely to the advantage of the Government and the people. The fact that expenditure has run up very high being there, that circumstance in itself would furnish a justification for an inquiry; but there is in addition to this, my Lord, the great need of finding money to finance the many schemes that are before the Government for promoting the well-being of the people. There is the claim of education, there is the claim of sanitation. My Lord, I cannot at present recall the number of deaths that have taken place from plague during the last twelve years or so; but one thing I grieve to think, and that is that while there has been this appalling number of deaths from plague, the expenditure that has been incurred on sanitation throughout the country has been nothing like what the circumstances called for.

“There is a widespread feeling in the country that the army is being maintained at a higher cost than is justified either by the resources of the people or by the requirements of the situation. I will not trespass upon technical military ground; but we have the fact, referred to by the Hon’ble Mr. Gokhale, of the addition of 10,000 British troops and 20,000 Indian troops to the army in 1886. Your Lordship will be pleased to remember and other members of the Council will remember that two members of the Government of India, Sir Auckland Colvin and Sir Courtenay Ilbert, recorded a minute of protest against the addition of 10,000 British troops and of 20,000 Indian troops to the Indian army. My friend suggests a reconsideration, after these many years, of the question as to whether that number of troops which was added may not now, in the changed circumstances of the country, be safely taken off. He does not, my Lord, suggest it with a light heart. I suppose there is no man who is more anxious to put forward only such schemes as will be considered reasonable, only such as will safeguard and promote the best interests of the country, than my Hon’ble friend. My Lord, there is a large party, which includes several eminent officers of Government, who have spoken or written in support of the proposition which my friend has put forward, and I submit that it is an eminently reasonable prayer that the Government should



[25TH JANUARY 1911.] [*Pandit Madan Mohan Malaviya; Mr. Subba Rao.*]

be pleased to reconsider the situation with regard to the number of troops. The circumstances have greatly improved since 1886; the bugbear of a Russian invasion has been laid low, and I hope finally too. The Anglo-Russian Convention and the alliance which the Government of India has entered into with Japan have greatly strengthened the chance of the permanent maintenance of peace in India and elsewhere. When we think of this and of the need of promoting education, sanitation and industrial development among the people of this country, I submit the case for an inquiry seems to me to be very strong. My Lord, time after time, when requests are made to the Government to find money to be spent on education or other objects, we are met by the answer that there is no money to be had. But I submit that without ordering such an inquiry, without satisfying the public and itself that there is no room for reasonable retrenchment, the Government cannot be satisfied that it has made a correct answer to the many prayers that are brought before it for financial help. It may be that the Government should find it necessary to impose extra taxation to finance such schemes. But obviously the Government will not feel itself justified in resorting to that course, unless it has satisfied itself and the public, by a previous inquiry, that that is the only means of furthering the well-being of the people. On both these grounds, I submit, an inquiry is just the thing that is needed, and I hope that the Government will be pleased to take the matter into consideration to see whether a Committee of the kind such as has been suggested should not be appointed.

“My Lord, the four points which my friend has urged are clear and definite proposals. In the first place he asks for a reconsideration and reduction of the military expenditure; in the second place he asks for a reduction of the civil expenditure. My Lord, it is undeniable that in the civil expenditure also there has been a very large amount of increase. What will be the harm then if the Government will appoint a Committee to look into expenditure and to find out whether it cannot be retrenched? His third suggestion is the substitution, or rather larger employment, of indigenous agency for European agency wherever it is practicable. And, fourthly, a provision for an audit of India's accounts by an auditor independent of the Government of India. My Lord, if that kind of audit has been found beneficial and necessary in the case of England, if it has been found to be beneficial in France and other countries, it is eminently desirable that such an audit should be instituted of the accounts of the Government of India. I hope, my Lord, that the proposals will receive that consideration which they deserve, and I hope that the result of this discussion will lead to the institution of such an inquiry into the finances of the country as will leave the Government in a better position to do its duty to the people in all that most directly affects them.”

The Hon'ble MR. SUBBA RAO: “My Lord, with Your Lordship's permission I shall make a few observations on the Resolution before the Council. I may say at the outset how deeply the public are indebted to the Hon'ble Mr. Gokhale for his eloquent and masterly exposition of the financial position of the country. The Hon'ble Mr. Meston with his usual eloquence, I venture to say, has not touched the main point of the Hon'ble Mr. Gokhale's contention. He has given us figures explaining how the expenditure has grown up from 1898 to 1909. So also the Hon'ble Mr. Brunyate. He has not only explained the figures but tried to justify the increase on the military side.

“My Lord, there are two questions that arise out of this discussion. The first is whether there is any necessity for an inquiry, and the second whether, if there is a necessity, the inquiry should be made departmentally by the officials secretly, or whether it should be an open and public inquiry with which non-officials are associated. These are the two questions we have to decide. With regard to the first question the fact has been conceded on all hands that the rate of increase in expenditure is shown to be much more than the rate at which our income is expanding. Further, in a normal year, as in the last year, additional taxation was resorted to when apparently there was no cause for anxiety. And another important point is that, even assuming that all this growth of expenditure is perfectly justifiable, the question remains, how to keep down

[*Mr. Subba Rao.*]

[25TH JANUARY 1911.]

expenditure within our income? That is an important question which has to be considered. Lastly, we find that large sums of money are necessary for the spread of education, sanitation and various other projects. The Under Secretary of State recently, at the last discussion of the Budget in the House of Commons, held out hopes of a great advance in education, so much so that it would be felt in the nooks and corners of India. It appears to me, therefore, that if there is any chance for a rapid advance in education, large funds must be forthcoming to keep up the new Department which has been inaugurated. I submit, therefore, that an inquiry into the present financial position of the country seems to be urgently called for. The fact that the Finance Department itself has undertaken this inquiry practically concedes the case put forward by the Hon'ble Mover of the proposition. I may take it, therefore, that, so far as the first question involved in this Resolution is concerned, namely, the necessity for an inquiry, it is practically conceded.

"The only question before us then is whether this inquiry should be purely a departmental, official, secret inquiry, or whether it should be an open, public inquiry by a Committee with which non-officials are associated. In this connection I may refer, my Lord, to the observations that have fallen from the Hon'ble Mr. Gates. He seems to think that these matters ought to be left to the Provincial Councils and that we need not trouble ourselves about these things. I submit that there is apparently a misunderstanding on the part of the Hon'ble Member as to the powers and functions of the Provincial Councils. Now, large items of expenditure, whether in the budget of this Council or in the budgets of the Provincial Councils, involve principles which have after much discussion gone up to the Secretary of State and obtained his sanction, and unless these principles are changed or modified, such items of expenditure can in no way be interfered with, and therefore so far as the reduction of expenditure is concerned—I dare say some peons may be dispensed with, some clerks may be dispensed with and some minor reductions of expenditure may take place—but so far as the bulk of the expenditure, the Civil and Military expenditure, is concerned, they have practically no voice in the matter. Therefore it is altogether wrong in my opinion to say that these matters could be disposed of by the Provincial Councils. Another point about which he seems to have been under a similar misapprehension is that the questions involved in this inquiry can be easily disposed of by the Finance Department. No doubt the Department has got ample materials at its disposal, but it cannot interfere with the basic principles in accordance with which expenditure has been incurred. Several items of expenditure have been under correspondence for a long number of years between the Provincial Governments and the Supreme Government and the Secretary of State, and they have been sanctioned after much discussion. Can it be expected that the Finance Department can interfere with these principles of policy and vary them or annul them by a stroke of the pen as the Hon'ble Mr. Gates seems to think? I submit that it is beyond the scope of the Finance Department to interfere with the general principles in accordance with which Civil and Military expenditure is incurred. Assuming that the Finance Department comes to the conclusion that the broad principles of policy according to which expenditure is incurred should be modified, I submit that the hands of the Finance Department would be very much strengthened if a Committee were appointed and if the opinion of the officials in the matter is supported by the opinions of non-officials as well. It seems to me, therefore, that when we deal with large questions of policy affecting the financial position of the country, the only just and proper way to deal with the subject is by the appointment of a Committee. Besides, as I have already submitted in connection with the necessity for a large increase of expenditure under the head of Education, Sanitation, etc., if we find that there is no possibility of substantially reducing the expenditure in the Civil and Military administration of the country as it is now going on, if there is no possibility of providing funds for a further advance in the above directions, it might become necessary to submit to this Council proposals for additional taxation. If such proposals are made, would it not strengthen the hands of any departmental Committee if they were associated with non-officials in this matter,



[25TH JANUARY 1911.] [*Mr. Subba Rao; Babu Bhupendra Nath Basu.*]

and if officials and non-officials, after thorough inquiry into the question, formulated proposals, if necessary, for additional taxation? In such a case I submit, my Lord, the country would better welcome such proposals from a Committee than if they came from an official body alone. I submit, therefore, that the departmental inquiry which is now set on foot would not give satisfaction to the country, and the only way to deal with the matter satisfactorily is by the appointment of a Committee. I submit further that under the Act powers are given to this Council to scrutinise the Financial Statement; how can we be expected to discharge our duties properly unless our request to have a Committee appointed for inquiry into this matter is granted? I submit, therefore, that if our duties are to be efficiently discharged, facilities must be afforded to us for investigating this and other questions which may be brought before this Council.

"The Hon'ble Mr. Meston tells us that we may trust the Government to deal with this matter satisfactorily. It is hardly necessary to say that we put our trust in them, and we have no doubt that the Government of India is anxious to do its duty in the matter. But there are certain points of view from which these questions have to be looked at—standpoints from which officials as such cannot be expected to view. It is said: 'if you have got anything to be placed before the Government, you can make representations to us, and we shall weigh them carefully and do full justice to them.' By all means, according to their lights, we have no doubt that the experts who are charged with the administration of the country will give due weight to the representations made to them; but we feel that it is one thing to hear representations made to them, and it is quite another thing to discuss the matter with non-officials associated with them. We see the difference every day in the Select Committee. Representations which are made to the Hon'ble Member in charge of a Bill do not carry that weight with him as when it is brought home to him in the Select Committee.

"I may draw the attention of the Council to a recent instance in connection with the Patents and Designs Bill. Certain representations were made to the Government that the clauses relating to the compulsory working of patents in the English Statute should be introduced into this country; but the Government were unable to accept them at first. In the Select Committee there was a discussion on the subject, and I am glad to say—we are indeed grateful to the Hon'ble Mr. Robertson and to the Government for acceding to our request—I am glad to say that a similar clause has been introduced into the Bill. I am sure that the Hon'ble Finance Minister will not take up in this matter the attitude of the Poor Man's Friend, so graphically described by Charles Dickens:—'You need not trouble yourself to think about anything. I will think for you. I know what is good for you. What man can do, I do. I do my duty as the Poor Man's Friend.'

"I submit, therefore, that this question involves so many considerations that it is necessary that it should be placed before a Committee where non-official opinion also is represented. The Committee may be small. We should be quite content to have one Indian member along with two officials. A Committee of three, so far as I am concerned, would be quite sufficient to investigate the whole question and formulate proposals necessary to meet the pressing demands which are now made for the extension of sanitation, for the spread of education of all kinds—elementary, technical, agricultural, scientific. As I have pointed out, hopes are held out by the Under Secretary of State that a distinct and rapid advance would be made in this country for the spread of elementary education. I submit that the time has come when we must grapple with these questions and formulate proposals. It may be that these proposals will lead to additional taxation. Whatever they are, let them be formulated in association with Indian public opinion. Whatever may be the result, my Lord, it will not be so unwelcome to the public as it would be if the Government acted alone on its own responsibility."

The Hon'ble BABU BHUPENDRA NATH BASU:—"My Lord, I wish to make a few observations in support of the motion of my friend, the Hon'ble Mr. Gokhale. We all admire the great moderation and the great ability

[*Babu Bhupendra Nath Basu.*]

[25TH JANUARY 1911.]

with which my friend has brought this motion forward. It will be impossible for me to follow him on the lines which he has sketched out for himself. The Hon'ble Mr. Meston replying for Government also assumed a very sympathetic attitude; but he advanced arguments which would seem to him, if he was not advocating a particular line of action, absolutely fallacious. It is a common fallacy in logic to take only one of the deductions without inquiring into the premises, and I regret that my friend the Hon'ble Mr. Meston should have fallen into this common fallacy of logic. He has admitted the enormous increase in expenditure which has been referred to by the Hon'ble Mover of the Resolution, but in defence and in answer he gives the figures of expenditure from other countries—England and other European countries. My Lord, he forgets that before he can ask us to come to a conclusion upon the figures that he has adduced, he ought to satisfy us that the conditions of the European countries to which he has referred and of India are similar, that the resources of the people are similar, that their capacity is similar and that their necessity is similar. Unless all these premises are established, it is useless and futile to say that because heavy expenditure has been incurred in these countries, it must also be incurred in India. Then, my Lord, while dealing with that aspect of the question, is it necessary, the question arises, is it necessary, that expenditure in India should also be incurred, I will not say in that extravagant style in which it has been incurred in the past, but should it be incurred at the rate at which it has been incurred in the past? There is no doubt, my Lord, that efficiency, great efficiency, should be our goal. But should not that efficiency be reached by slow stages and slow degrees? Have not many Governments in the past come to grief because the rulers for the time being have sought to attain an unattainable degree of expediency by shortcuts? Shortcuts will not pay in any country, much less in India. And, my Lord, I may say with confidence that efficiency has been a fetish which was set up in the administration of Lord Curzon to the great prejudice of the people of India. But apart from that, my Lord, my friend suggests an inquiry into the causes which have led to this great expenditure, I will not say that this expenditure has been extravagant; that is a point upon which we may agree to differ. My friends on the Government side may think that the expenditure has been wholly justified; we may choose to think that that proposition is not entirely correct. But that the expenditure has taken place and that it is a matter which calls for inquiry has been admitted by Government itself. Our genial Finance Member in his last speech when introducing the Budget said:—

‘As regards the cost of the Civil administration proper, I think that it requires careful watching and that we must very seriously examine whether we are not committed to a standard of expenditure which will ultimately be beyond our means. We cannot expect our revenues to advance with the same rapidity as they did up to 1907. That alone would be a sufficient reason for steadying the pace of the increase in our charges. \* \* \* If we are going to do anything at all for education and industrial progress, we have heavy liabilities impending. However much therefore or however little we do for these new requirements, a readjustment of expenditure is in my opinion clearly indicated.’

“My Lord, all that we press for on this occasion is that the sentiments to which my friend gave expression on that occasion should be realised. I admit that the Government of India, probably in the secrecy of its own Departments, will hold an inquiry away from public gaze and come forward with some scheme of readjustment. My Lord, these Departmental inquiries, these inquiries which take place away from the public gaze and the public ken, are, if I may venture to say so, a great source of trouble. I am using a studiously moderate expression. For, my Lord, we do not know what is happening. It is like the creations of our own ancient Hindu divinity. He sleeps and thinks, and new worlds are created out of his brain. He has not got to take the trouble which the Jewish God did to create the worlds. And that is what we feel. The Department thinks we know not what; our ideas are not there; our opinions are not there. There is no discussion between us and the Departmental heads, and things are done which might have been better done if a little outside light had been thrown into the dark corners of the Departments. I think, my Lord, the time has come when the public ought to be taken into greater confidence in arriving at the solution of questions like this. My Lord, then it



[25TH JANUARY 1911.]

[*Babu Bhupendra Nath Basu.*]

strikes one—‘Is it quite a settled thing that the items of expenditure upon which such enormous sums of money have been spent are such that their readjustment is not feasible, I will not say not possible?’ My Lord, take, for instance, the Public Works Department. I will say nothing about the railways and irrigation which are Departments which must be maintained. But the other Departments of the Public Works, is it necessary that they should be maintained now in the same force and strength that they are? My Lord, the Public Works expenditure on Civil works has risen from two crores and eight lakhs in 1876 to six crores and eight lakhs now. We, my Lord, who are looked down upon as demagogic agitators, our views on these questions may be called into question, but I shall quote the authority of one whose authority I am sure will not be questioned at least by the Civil Service of India, upon whom he has lavished well-deserved if not extravagant praise. I am referring to Mr. Chirol. Speaking of the Public Works of India, he says :—

‘The time would also seem to have arrived when, with the development of Indian trade and industry, private contracts might with advantage be substituted for the more expensive and slower activities of the Public Works Department. Work done by that Department is bound to be more expensive, for an enormous establishment has to be maintained on the same footing whether the financial conditions allow or do not allow Government embarking upon large public works expenditure. And when they do not, the proportion of the establishment charges to the actual cost of the work is ruinous.’

“My Lord, that is what Mr. Chirol says. That is what we have all along been saying for many years, crying in the wilderness as it were. If this Committee were appointed, would not the Public Works Department have an opportunity of justifying its existence in the manner in which it is maintained at present? We, on the other hand, would also have an opportunity of showing that much of the expenditure of this Department at least might be curtailed.

“Then, my Lord, there is another head. It is very difficult to express oneself, mere laymen as we are, upon anything connected with the administration of the Indian Army. But, my Lord, our grievance has always been that that Army is maintained on a footing not only for the protection and preservation of India against internal commotion and outside aggression, but also for Imperial purposes. We do not complain. If India has to contribute towards Imperial purposes, so long as we form an integral part of that Empire to which we have the pride to belong, we are bound in honour and in duty to contribute to the best of our ability and our means. But, my Lord, it has been said that a large part, a great part, of that Army is maintained for purposes unconnected with India, and, so far as that part is concerned, we certainly are entitled to some relief. The Welby Commission gave us relief when our forces were employed outside the frontiers of India as defined by that Commission. But, my Lord, I will again quote an authority, the authority of the Government of India itself upon this question. In a Resolution the Government of India lays down :—

‘The Imperial Government keeps in India and quarters upon the revenues of that country as large a portion of this army that can possibly be required to maintain its dominion there; that it habitually treats that army as a reserve force available for Imperial purposes; that it has uniformly detailed European regiments from garrisons in India to take part in Imperial wars whenever it has been found necessary or convenient to do so; and more than this that it has drawn not less freely upon the Native Army of India towards the maintenance of which it contributes nothing to aid in contests outside of India with which the Indian Government has little or no concern.’

“My Lord, I have called Your Lordship’s own Government as my witness in this connection, and I think we may very justly claim that the Indian revenues should be relieved of a considerable portion of the burden that is now imposed upon it of maintaining the army on this footing.

“My Lord, then again, a perennial, and I will not say an unjust, source of complaint to us is that while all the Colonial Governments have their offices in London maintained out of the British Exchequer, it is India alone which pays for the entire cost of keeping the India Office in England. That is a subject upon which this Committee may have had something to say.

[*Babu Bhupendra Nath Basu; Mr. Mazharul Haque.*] [25TH JANUARY 1911.]

"My Lord, one subject was referred to by my friend, the Hon'ble Mr. Gokhale, that there are Departments where Indian agency might be more profitably and cheaply substituted for the European agency at present existing. I know it is blasphemy in certain quarters to suggest that great Departments of State may be manned and managed by Indian agencies. I will not make that suggestion, I will not be guilty of that blasphemy; but I will say that a larger admixture of the Indian element might very profitably be made. In 1904, my Lord, Lord Curzon's Government gave figures which showed the percentage of Indians employed in the higher ranks of the services of this country. I shall not on this occasion go into those figures. But, my Lord, notwithstanding the extravagant boast of Lord Curzon when he gave those figures to the world that in employing the Indian agency which he showed had been employed, the Government of India had shown unexampled liberality, it is very easily shown that these figures conclusively prove that the pledges given to India by Her late Majesty Queen Victoria still remain unredeemed. The last word on these figures has not yet been said. My friend, the Hon'ble Mr. Gokhale, at a subsequent meeting of the Council gave certain figures to which no answer has yet been given. I maintain that the retention of a large element of European agency is necessary for the best interests of the country. I also maintain that a larger admixture of the Indian element that now obtains may be easily made without any sacrifice of efficiency and at a considerable saving.

"My Lord, there are other questions which may be considered, questions which having regard to the warm days through which we are passing I am afraid to approach. The exodus of the various Governments to the hills and their stay in the hills for the greater part of the year is a question upon which Indian opinion is greatly divided. The expenditure that it involves is a matter which ought to be considered, and the time has come with modern appliances for comfort in the hot weather to decide as to how far that exodus may without inconvenience be curtailed. These are questions which ought to be dealt with.

"Coming to Bengal, my Lord, as I tried to point out on another occasion, the creation of a new Province has entailed heavy expenditure. My friend the Hon'ble Finance Member has said that it has led to fresh taxation. The tax which the Indian poor pays upon petroleum is due largely to the creation of this new Province. These are matters and things which should be considered. I do not think that my friend, the Hon'ble Mr. Meston, would suggest that in his own Department, these large questions of policy, these large questions affecting large masses of men, could be considered adequately having regard to all the bearings on the subject. And therefore, my Lord, with great deference to the opinion of Government, I respectfully support the motion of my friend, the Hon'ble Mr. Gokhale."

The Hon'ble MR. MAZHARUL HAQUE: "My Lord, I rise to support the Resolution of my Hon'ble friend, Mr. Gokhale, and in doing so I associate myself with every word that has fallen from his lips in this Council. My Lord, there is a lurking suspicion in the minds of the people that in the financial administration of this country every thing is not right and that economy can be practised if the Government of India, and especially my Hon'ble friend the Finance Member, gave a little more attention to the representations of the non-official members of this Council. I do not intend to enter into details, but I may say as regards one item, *i.e.*, the military expenditure of the country, that the time has come, and greatly through the agency of Your Excellency's work that I go to the length of saying, that the Indian Army should be reduced. We have not got the scare of the Russian bogie that we had some time ago; we are now on good terms with Russia. The Anglo-Russian Convention, in the framing of which Your Excellency has had such a great share, has made it possible that the Indian Army should be reduced.

"Then, my Lord, as regards the civil expenditure, I may say, as my friend the Hon'ble Babu Bhupendranath Basu has pointed out, that the Public Works Department does require looking after, and that we shall take good care next March to deal with this Department rather severely.



[25TH JANUARY 1911.] [*Mr. Mazharul Haque; Maharajadhiraja Bahadur of Burdwan; Sir G. Fleetwood Wilson.*]

"My Lord, money is wanted, and wanted very badly, for very many necessary things in India, especially free primary education. In the last session of the Council, when I was speaking in support of the Resolution of my Hon'ble friend Mr. Gokhale as regards this subject, I went to the length of saying that I was prepared to submit to fresh taxation, although the country is very poor, for the purpose of achieving this object. This year, during Christmas week, two such important associations in India as the Indian National Congress and the All-India Moslem League have both passed Resolutions supporting free primary education; and we may take it that, barring a few solitary exceptions, the country is practically unanimous on educating the masses. My Lord, we are very keen about it, and if it be possible to retrench some of the extraordinary expenditure of the Government of India, I think that this ought to be done, and money should be found for providing free primary education for the people of this country.

"My Lord, with these few remarks I support the Resolution of my Hon'ble friend."

The Hon'ble MAHARAJADHIRAJA BAHADUR OF BURDWAN: "My Lord, Mr. Gokhale's Resolution has my entire sympathy, but I have no desire to go to any length to emphasize the necessity of curtailing expenditure. There is only one point on which I wish to speak, and that is regarding the army. Belonging to a race who in the ancient days belonged to the army, I may say that I do not think that a very strong case has been made out for curtailing that particular item of expenditure, *viz.*, the army. I do not agree with those who think that because at present peace is prevailing and because the Russian bear is no longer visible near the foot of the Himalayas that you should reduce your army in any haste; but on the other hand, I certainly think that economy should be the order of the day, especially in the Finance Department, and I hope that the matter which Mr. Gokhale has brought before the Council to-day will receive the most favourable consideration of the Government of India."

The Hon'ble SIR G. FLEETWOOD WILSON: "On rising to reply to a debate of great interest and importance, I should like to express my sense of the obligation under which my Hon'ble friend, the mover of this resolution, has placed the Council by affording them this opportunity of considering a subject which vitally concerns the welfare of India. No one can possibly complain either of the tone or of the manner in which the Hon'ble Mr. Gokhale has presented his case. Both were alike admirable. The matter with which my Hon'ble friend has dealt would appear to lend itself to consideration from two standpoints—the statistical and the general. Mr. Meston has dwelt on the first section of the subject with his usual lucidity and with ability. I propose to deal with the more general aspect of the case. The Hon'ble Mr. Gokhale sees, as we all see, the remarkable strides that this country has made in the last 35 years. He acknowledges the great progress in its resources, and the great development in its revenues. But he believes that its expanding income has been fully hypothecated for its expanding needs, and he warns us that the optimism based on our great advance on the past ought not to blind us to the dangers inherent in an equally rapid growth of expenditure. In particular, he fears the effect of certain new conditions to which he thinks our financial arrangements have not yet adapted themselves. On the one hand, our desire to co-operate with China in her efforts against the opium habit will probably involve us in a heavy sacrifice of revenue. On the other hand, we shall have to meet the indeterminate, but probably heavy, claims on the public exchequer for progress in education, sanitation and the like. The former consideration indicates a slackening in the growth of our revenues. The latter suggests the wisdom of establishing a wider margin between our normal resources and our normal expenditure. It is therefore time to look into the future and to set our house in order before these difficulties become acute. That is, I take it, the view of my Hon'ble friend, and I think it must be the view of every right-thinking man who has the interest of India at heart. I will not go over the detailed arguments which the Hon'ble Mover has laid before the Council. Nor is it necessary for me to recapitulate the lessons to be

[*Sir G. Fleetwood Wilson.*]

[25TH JANUARY 1911.]

derived from a review of our financial policy of the past. I need only express my general concurrence with much that has been said to-day as to the great importance of the economic question in this country.

"It would be improper to occupy the time of the Council by a further analysis of our financial position when all that is pressed upon us is the importance of economy in the future. I do not understand Mr. Gokhale to suggest that we should put back the hands of the clock. The machinery of administration is not built up in a day, and if we wish to modify and simplify the machinery, whether on its military or on its civil side, our action must be steady and gradual. Sudden retrenchment hardly ever results in permanent economy; and the difficulties attending it are particularly great in India. What we require is to keep economy constantly in sight, to guard zealously against the unnecessary spending of a single rupee; and to place a curb upon all tendencies to increase public expenditure which is proposed with a view merely to theoretical efficiency or administrative symmetry.

"I hope I have said enough to convince my Hon'ble friend how entirely I agree with him on the need for caution in the future, and for such ordering of our public expenditure as will enable us, without haste or embarrassment, to deal with the new situation as it arises. Further than that, however, I cannot go. I must part company with my Hon'ble friend when we come to consider the machinery which is to lay down the lines of our future financial policy. That duty is, to my mind, essentially a duty of the Executive Government; and I cannot agree that it should be handed over by us to a Commission. I have been associated all my official life with Commissions and Committees. However well constituted they may be, they generally contain one or two weak vessels whose ability is in inverse ratio to their obstinacy. The outcome is that the report is generally the result of a compromise, and compromise is not good when a serious principle is involved. But there is another objection to the appointment of such bodies except as a last resource. They are apt to set those entrusted with the expenditure of public funds against the inquiry, and tend to create an unconscious but very decided hostility to proposals for retrenchment or reform. We recognise that it is important that we should set our own house in order. The Government of India has at its head a Governor General whose varied and distinguished career has been characterised by a marked regard for economy as well as efficiency in administration. Until the contrary is proved, we are entitled to hold that, under his able guidance, the Government of India does not lack the ability to put its own house in order without turning to extraneous agencies for assistance. The tendency to do so has in the past been perhaps somewhat unduly marked, and I believe this Council will not be unwilling to await the result of the unassisted efforts of the Government of India before pressing for the creation of an inquiry.

"I have listened with interest to what Mr. Gates has told the Council regarding the Commissions which have reported upon Indian expenditure in the past. It would be difficult in India or out of India to bring together a stronger body of official and non-official opinion than the Commission over which Lord Welby presided: and yet it would be impossible to pretend that they have left any enduring mark upon our public finance. There are unquestionably occasions on which a Commission is a most valuable agency. When public affairs are being influenced by obscure causes, or when the issue involves technical considerations which require much expert consultation, the case for a Commission is strong. On the present occasion, however, the causes which have led to our growing expenditure are patent to us all, and it is not expert advice, so much as common sense and the economic instinct, that we require to consult. As Mr. Gates has told the Council, a Commission of inquiry into expenditure would hang up much which we are ready to undertake and which we are anxious to pursue. It might shift the responsibility from the proper shoulders; and it would tend to complicate issues which at present, in my judgment, are reasonably simple.

"Mr. Gokhale has indicated some of the instructions which he advises us to give to a Commission if it were appointed. This also has been done by other



[25TH JANUARY 1911.]

[*Sir G. Fleetwood Wilson.*]

members who have spoken. Apart from the improvement of the audit, a subject to which I shall return later, each of the instructions which my friend would impose upon the Commission involves considerations of grave political import. He will not expect the Government of India to indicate their views upon those subjects to-day.

"The Hon'ble Member has alluded to the more extended use of indigenous agency in the public service. The question is to be raised in a definite form, I understand, by the Hon'ble Mr. Subba Rao. I shall not therefore, at the present time, state in detail what has already been done in my Department in that direction. My personal sympathies in regard to the larger employment of Indians in the public service of the Crown cannot come under review in this Council, but as Finance Member it is permissible for me to say that, from the economic standpoint, it seems to be for consideration whether we might not make greater use than at present of the undoubted abilities of the educated Indian. Indians are not called upon to meet anything like the heavy expenses which are unavoidable in the case of Europeans. Their very religion is conducive to a simpler habit of life, and it is not incumbent upon them for health considerations to pass long periods out of India. Again, an Indian can live and live well on a smaller pension than is essential in the case of an Englishman living at home. All this points to a potential saving in the event of its being found possible to extend the employment of Indians in some branches of the military and civil public service. I revert now to a subject which is particularly my own, and which I am grateful to the Hon'ble Member for raising, namely, the audit of public expenditure in India. I may say at once that I welcome what has been said by my Hon'ble friend, both as a recognition on his part of the importance of an object which I have always had much at heart, and as giving me an opportunity of indicating what has been under discussion in the penetralia of the Secretariat. I speak in this matter as one who has viewed the question from both sides—as an auditor and now as a Finance Minister. It is indeed to the Finance Member that the point appeals most strongly. I recognise in India, as it has been recognised in England, that the auditor is the most valuable ally of the Finance Department: it is through the auditor that the Department learns that its own regulations are observed, and it is the auditor that enables it to enforce the financial order for which it is responsible. It has, therefore, been my endeavour to increase the independence and efficiency of our audit. A step of no small importance in this direction has been taken by the recent publication of what is known as the Audit Resolution, defining the classes of expenditure which require the Secretary of State's sanction. The Resolution does not enumerate any new principle, but it gathers together, it codifies and emphasises principles hitherto scattered or indeterminate. This marks a distinct advance. Another question which has been taken up is appropriation audit, by which is meant the watching of expenditure against budget grants. In this connection I may refer to our annual Appropriation Report. The report is published, and is available to Hon'ble Members. It deals in comprehensive and minute fashion with departures from budget provision, and with the changes from year to year in revenue and expenditure. I recognised, however, some time ago, that the form of the report was capable of improvement, and I took steps to effect alterations which will be apparent in the next report. The provincial reports, from which a general report is compiled by the Comptroller General, are due in October: my examination of the question could not be completed by that time, and any further alterations of form that may be found necessary cannot, therefore, take effect for another year.

"Lastly, I may allude to the amalgamation recently effected between the Public Works and what are called the Civil Accounts. I may explain very briefly that while the ordinary provincial departments are subject to the audit of accounts by officers subordinate to the Finance Department, the chief account officer for Public Works and Railways used to be attached to other Secretariats of the Government of India. This divergence of system has now ceased. Both branches of the Accounts are equally under the Finance Department, and from their fusion I anticipate good and far-reaching results.

[Sir G. Fleetwood Wilson.]

[25TH JANUARY 1911.]

You cannot bring into close contact two systems of accounts which so far have developed separately, without giving rise to new ideas, and the range of these ideas is apt on examination to expand until a great deal of ground is covered. The amalgamation to which I have referred took place only on the 1st October, and it would be premature to go into details, but in the mere fact of some adjustment being necessary between the system of accounts in the civil and Public Works Departments, I may say I have found a point *d'appui* for some wider questions which will be fully examined after the pressure of the Calcutta Session is over and when the wicked cease to trouble and the weary are at rest.

“ There remains the question of the position and functions of the Comptroller and Auditor General. This is a question on which for the present I can only lightly touch. There are, however, three things I should like to say. The first is that there is a great deal of spade work to be done in connection with the amalgamation of our accounts system. Secondly, I have a fairly intimate knowledge of the English system of audit and I fully appreciate its great advantages. But audit must to some extent follow administration, and I recognise, and I think my Hon'ble friend will recognise, that the systems of administration in the two countries are so different that the greatest caution is essential in adapting to Indian conditions the results of English experience. Lastly, I have to point out that this question has been considered between the Secretary of State and the Government of India on three separate occasions since 1881, and the conclusion on each occasion was that no radical change was necessary. I do not, I may say, accept that conclusion as final. Circumstances may change, and have changed ; but it is obvious that a decision thrice repeated cannot be reversed without the most serious deliberation. While therefore I have made it clear that I do not regard our audit system as a closed and perfect circle, I deprecate haste in the decision of a question, the importance of which is equalled only by its complexity. I ask for time to mature proposals ; and I do so the more confidently because what has already been accomplished is an earnest of our intentions. I claim that in quite recent years there has been a distinct improvement in our audit system, and the Hon'ble Member has my assurance that I shall do my best to complete the work which is already in progress.

“ My Lord, I shall not trespass longer on the time of the Council. Economy in public expenditure is the duty of all Governments ; it is the especially sacred duty of the Government in this country. I would remind the Council of a remark which I made in my Budget speech last year. It was to this effect :—

‘ I am sure that it is absolutely essential to introduce greater sobriety in our public expenditure if we are to avoid deficits and consequent enhanced taxation.’

“ This is no longer a pious expression of an individual opinion. The Government of India share that view and are prepared to carry it into effect.

“ I am empowered to announce that all the Members of the Government of India will, during the current year, subject the expenditure for which they are individually responsible to close scrutiny with a view to effecting all possible economies. In regard to Army expenditure in particular, I think it only fair to state that the Commander-in-Chief volunteered *proprio motu* to institute a thorough inquiry into the question of military expenditure, recognising the necessity for it and expressing his intention to reduce all unnecessary expenditure and duplicate forces (as well as extravagance in administration) and to get the best work out of those retained. At the same time the Commander-in-Chief naturally insists on thorough efficiency in regard to armament. We cannot accept the Resolution as it stands. I do not know whether, after the assurance I have been able to give him, my Hon'ble friend will wish to press it to a division. I hope he will not do so, because I think that a division might be misunderstood as an implication that we are not at one on the subject of economy. We certainly are. The assurance has not been lightly given and the intention is to carry it into effect. I recognise, and I am very grateful for, the assistance of all those members who have rendered me such marked assistance to-day in the



[25TH JANUARY 1911.] [*Sir G. Fleetwood Wilson; Mr. Gokhale.*]

interests of economy. I am not one of those who believe that a Resolution is necessarily framed with a view to embarrass the Government. On the contrary I think Resolutions are often framed with a view to assisting the Government, and I accept Mr. Gokhale's Resolution as one framed in that spirit.

"Last year I extended to the Hon'ble Member my sympathy. This year I am able to go a step further. I am in agreement with him as to the object he has in view, but I disagree as to the method by which he proposes to arrive at the result we both wish to attain. Next year I may even find salvation and whole-heartedly agree with him from first to last. On one thing we are all of one mind; that it is an intellectual treat to hear Mr. Gokhale give an exposition of his views. He and I seem to be proceeding not on parallel but on converging lines, and that is as it should be; for antagonism should have no place between a Finance Minister and Indian Members who desire the good of their country."

The Hon'ble MR. GOKHALE: "My Lord, I must crave Your Lordship's indulgence a second time, because I think I ought to reply to some of the criticisms, which have been offered, before this discussion is brought to a close.

"I must begin with my Hon'ble friend Mr. Meston, whose remarks I am almost sorry to criticise in view of the extremely generous reference that he has been so kind as to make to myself. But, my Lord, I must say at once that I am not convinced by what the Hon'ble Member has said, and I am not quite sure how far the Hon'ble Member himself is convinced. I have a shrewd suspicion, my Lord, that if I could have access to some of the notes which my Hon'ble friend, as Financial Secretary, must have been writing from time to time during the last few years, I think I could make a much stronger case in favour of this Resolution than I have been able to do to-day. My Hon'ble friend began by saying that, if expenditure in this country has doubled itself in 35 years, the same thing has happened in other countries. I had almost anticipated this argument, and I therefore carefully avoided comparing the expenditure of this time with the expenditure of 35 years ago. What I did was that I divided the period into four smaller periods and took each time one of these, so that the years compared should not be separated by too long an interval. In the first place, therefore, my Hon'ble friend must treat the expenditure of other countries in the same way before the analogy can apply. Moreover, let him not forget that this analogy from foreign countries can cut both ways. I am quite willing that this country should provide for a standard of expenditure, such as obtains in other countries, if the Government of India will accept for itself all the responsibilities and all the standards of administration that the Governments of other countries have accepted. Let the Government, for instance, to mention only one instance, give us free, universal primary education in this country, and then it will be time for us to consider how our expenditure compares with that of other countries. My Hon'ble friend prefers to take the year 1898, as the starting year for his comparison, to the year 1901-02. I too had thought at one time of taking 1898-99, for the simple reason that that was the commencement of Lord Curzon's administration; but I found afterwards that the year was unsuitable, though it would really have been more favourable for my purposes. I wanted scrupulously to avoid anything that was unfair, and I saw that that year would not do, because it was midway between two great famines, the famine of 1897-98 and the famine of 1899-1900, and the revenue in that year therefore was larger on account of the arrears that were collected from the previous famine. Moreover, as both 1899-1900 and 1900-01 were years of extensive famines, the level of expenditure had no opportunity during those years to rise as it would otherwise have done. As regards my friend's explanation of the increase, the amount of which he admits, I really do not know how to describe it. The explanation comes to this:—I had said that there had been an increase of 9 millions; 'yes,' says the Hon'ble Member, 'there has been that increase; but it is made up of so much more spent under this head, so much under that head, and so on, the total coming to 9 millions'! Now this would have been a good answer, if I had said that I did not know how or where to find the items, of which these 9 millions were

[*Mr. Gokhale.*]

[25TH JANUARY 1911.]

made up. If, for instance, I had said that somebody had walked away with our 9 millions a year, this explanation would have been perfectly sound. Surely the details, which he has given, could have been put together by any one of us from the financial returns of the Government; or if I had experienced any difficulty in that, I could have drawn on the ample courtesy of my Hon'ble friend, on which, as a matter of fact, he has permitted me to draw so liberally during the last few days. To the real question which I have raised, the Hon'ble Member has attempted practically no answer. I will refer only to two items to illustrate the way in which he has been compelled to argue in this matter. The Hon'ble Member says that establishments have been largely increased during the last few years; now that is exactly my complaint. What the Hon'ble Member should have told the Council is—should they have been so increased? He has, however, nothing to say on that point. Again, take the increase under 'Stationery.' The Hon'ble Member's explanation is—'I suppose we have been writing much more than we used to do.' Now, in the first place, I am not so sure about that. If the officials have been really writing much more than they used to do, then they have been disobeying the orders of the Government of India; for one of the orders issued by Lord Curzon during his time was that official writing should be curtailed; and he even took great credit to himself on a subsequent occasion for having reduced the voluminous mass of official writing. But apart from that, last year, when I raised this very question of increased expenditure on Stationery, my Hon'ble friend, Mr. Robertson, who was then in charge of the Department of Commerce and Industry, admitted that there had been a great increase during the last twelve years, the increase amounting to no less than 60 per cent. in 12 years! And he assured the Council that his Department had been making inquiries and he hoped to make substantial reductions. Not a word of this, however, have we heard from Mr. Meston to-day. The last point which I would like to notice in the Hon'ble Member's remarks is about remission of taxation. My Hon'ble friend says that while expenditure has increased a good deal during the last 8 or 9 years, there has also been a remission of taxation of about four millions. Now, my Lord, no one denies this, and I admitted it myself in my first speech. But when the fact is used to convey the idea that the taxpayers have no ground to complain of the increased expenditure, the statement is not quite fair. There has undoubtedly been this remission of taxation, but I want the Council to remember that it was no more than was in common fairness due to the people of this country on account of the savings that the Government effected in the charges on their Home remittances. During the previous ten years, there had been successive additions to the taxation of the country, amounting to about  $4\frac{1}{2}$  millions, owing mainly to the continuous fall in exchange. When, therefore, exchange again rose to and steadied itself at 1s. 4d., the Government were bound to return to the people the  $3\frac{1}{2}$  millions, saved on their remittance charges, and this was practically all that the Government did by their remission of taxation, on which the Hon'ble Member has laid so much stress.

"I will next turn to the speech of the Hon'ble Mr. Brunyate. I really have no quarrel with the Hon'ble Member's statement of the case, as he has placed it before the Council. His argument briefly amounts to this. The country is getting good value for its money. Now I do not dispute that. I feel I am not qualified myself to express an opinion on that subject. Moreover, I recognise that for seven years we had one of the greatest soldiers of our time at the head of the Indian Army, and he was specially well-known for his economical administration. It is true that there are those who do not quite accept this view; but that is a matter which must be left to military experts. My question was solely about policy. After the profound change that has taken place in Central Asian and Frontier affairs, is it fair, is it just to the people of the country that the military expenditure should still continue on the same high scale on which it has been incurred all these years? For thirty years and more, our military expenditure has been dominated by the fear that Russia was drawing nearer and nearer to this country. My Hon'ble friend, Mr. Haque, has referred to the Anglo-Russian Convention, in the framing of



[25TH JANUARY 1911.]

[Mr. Gokhale.]

which, as he has reminded the Council, Your Excellency had such a great part. If the Anglo-Russian Convention is a reality, I think we are entitled to the benefit of it, and the only way in which this benefit can be brought home to us is by relieving us of a part of the burden that we have borne for so many years, in order that funds may be set free to spend on primary and technical education and such other objects. In this connection I would like to quote certain observations of Lord Mayo, made 40 years ago. In a celebrated minute, which has been published, Lord Mayo wrote as follows :—

‘Though the financial necessities of the hour have brought more prominently to our view the enormous cost of our Army (16·3 crores), as compared with the available resources of the country, I cannot describe fiscal difficulty as the main reason for the course we have taken. I consider that, if our condition in this respect was most prosperous, we should still not be justified in spending *one shilling more* on our Army than can be shown to be absolutely and imperatively necessary. There are considerations of a far higher nature involved in this matter than the annual exigencies of finance or the interests of those who are employed in the military service of the Crown. Every shilling that is taken for unnecessary military expenditure is so much withdrawn from those vast sums which it is our duty to spend for the moral and material improvement of the people.’

“My Lord, this is as true to-day as it was 40 years ago, and I earnestly trust that something will be done to reduce our present over-grown military expenditure.

“I will now say a word in regard to the speech made by the Hon’ble Mr. Madge. I am glad to have his support, even though he offers it in his own way. But one or two things in what he said I must notice. He seemed to imagine that I had given up my criticism of Railway expenditure of last year. Nothing of the kind. I did not bring it up again to-day, because I took the Commercial Services net for purposes of my comparison. My objection last year was not to the construction of railways out of capital, but to the percentage of working charges going up by leaps and bounds without any satisfactory reason. Last year, my Hon’ble friend, Sir T. Wynne, gave the Council a somewhat lengthy explanation ; but I am not sure that it satisfied the Council. I understand, however, that the working expenses are being kept down this year. I sincerely hope that this is true. In any case we shall know it soon, when the Financial Statement is presented. Mr. Madge has told the Council that, in his opinion, not a single European soldier in this country can be reduced. This emphatic observation was preceded by the statement that laymen ought not to be dogmatical in these matters. If only the Hon’ble Member had remembered his own counsel, we should have been spared a proposition so extreme as that which came from him. My friend spoke of the recent riots and of troops being requisitioned for service on the occasion. My Lord, it is difficult to take an argument like that seriously. If, unfortunately, there was real internal trouble in the country on a large scale, would an Army of sixty to seventy thousand troops suffice to quell it? The Army, from that point of view, is either too small or too large. The policy of the Government is to govern the country with the confidence and the attachment of the people. In that view of things, I think it is most unfair that these occasional riots should be brought forward as an argument for maintaining the Army on its present scale. Lastly, the Hon’ble Member has expressed the view that the system of independent audit that I proposed was unnecessary. Well, in this he and I differ, which is a small matter. But he should realize that he also differs from some of the greatest statesmen of England, Germany, France and Austria. If he likes that singular distinction, I have no quarrel with him.

“My Lord, I now come to the extraordinary speech of the Hon’ble Mr. Gates. For easy confidence that everything is for the best in this best of lands and for the polite suggestion that those who demand an inquiry into how Government spend the money, raised from the taxpayers, are guilty more or less of something approaching presumption, I think that speech would be hard to beat. However, the Hon’ble Member himself has supplied to the Council a part of the explanation of that speech. He has told us that he comes from Burma! But, my Lord, whatever may be thought of the rest of his speech,

[*Mr. Gokhale.*]

[25TH JANUARY 1911.]

I do not think there was any excuse for the Hon'ble Member misunderstanding me on one point. I never asked for a Commission like the Welby Commission. It is true that I mentioned it along with other bodies that have inquired into the administration of Indian finances from time to time, but I distinctly stated that I wanted an inquiry; not by a body sitting at Simla or Calcutta, or in London, but by a Committee that could go round the country, like the Finance Committee of Lord Dufferin. And Lord Dufferin's Committee was the one Committee which really did achieve solid results. That Committee went all over the country, took valuable evidence and submitted within three years its recommendations, calculated to effect a saving of about 60 lakhs, and most of the recommendations were carried out. It is a Committee of that kind, with one or two non-officials put on it, that I want. My Lord, it is quite true that if the Government do not want to enforce economies, the Committee will not achieve anything. Lord Curzon once said in this Council—"There are inquiries and inquiries; there are inquiries to shelve and inquiries to solve." If the Government wish to shelve this problem, they will deal with it in one way. If, however, they want to find a solution for it, they will deal with it in another way. What the Committee does or does not do, will depend upon the keenness or otherwise of the Government in the matter. Then the Hon'ble Member asked why it was necessary to refer the question of an independent audit to a Committee of inquiry. My Lord, I never suggested that it should be so referred. I merely mentioned it as one of the remedies that the situation required. If the Government will themselves examine the proposal and adopt it, so much the better; if the Government do not want to do this, they may refer it to the proposed Committee. Of course it is open to me, as the Hon'ble Member says, to bring this matter before the Council in the shape of a Resolution. And I certainly will do it, if it becomes necessary. But as to when I should do it, of that I must be the judge. Then the Hon'ble Member said I had adopted an unconstitutional course in bringing this Resolution forward. My Lord, the Hon'ble Member is Financial Commissioner of his Province. I do not know what his views are of the financial relations between the Government of India and the Provincial Governments. But I think he should know that it is only in this Council that discussions of this kind can be initiated. Any matter which refers to all Provinces in common, any matter which involves considerations of policy, with which the Government of India alone can deal, can be raised only in this Council and nowhere else. Comparatively small matters, relating to particular Provinces, may be raised in the Councils of those Provinces. I will not ask if they do even that in the Burma Council. But does the Hon'ble Member imagine that questions like economy in military expenditure, questions even like civil expenditure, involving large policies, such as the wider employment of Indians, can be raised in Local Councils? These questions must be raised here, if they are to be raised anywhere at all in India. One more observation, my Lord, on Mr. Gates' speech, and I will have done with it. The Hon'ble Member spoke of the bloated budget of Bombay, and he suggested that we should look for economies there and not trouble other Provinces. My Lord, if the budget of Bombay is a bloated budget, in any case we pay every penny of it ourselves. We have not lived on other Provinces or on the Government of India for nearly 20 years as Upper Burma has done. When Upper Burma refunds to the Government of India all that it has drawn from other Provinces, it will be time for it to speak of the bloated budgets of other Provinces.

"My Lord, I now come to the last speech, which of course was not the least—that of the Hon'ble Sir Guy Fleetwood Wilson. I am grateful to my Hon'ble friend for the courtesy of his remarks and on the whole for the very friendly tone of his speech. If it had been only the courteous and friendly tone, my satisfaction would not have been so real. When the Hon'ble Member adopts a specially friendly attitude or a specially conciliatory tone, I don't mind confessing that I grow somewhat suspicious. That was my experience last year; while he was giving us verbal sympathy without stint, he was putting on the country tax after tax. However, in consideration of the definite assurance he has given to-day and in deference to what has fallen from him towards the close of his speech, I am quite willing to withdraw this Resolution for this year. I withdraw it for this one year only, because by this time



[25TH JANUARY 1911.]

[*Mr. Gokhale.*]

next year we shall be in a position to see how far the Hon'ble Member has been able to carry out what he has practically undertaken to do. And I do this all the more readily, because the Hon'ble Member has laid stress on one circumstance, to which it is necessary to attach special weight, and that is the fact that Your Excellency has just assumed the reins of office, and that it is only fair that you should have time to look into this question for yourself. The Hon'ble Member has drawn the attention of the Council to the fact that Your Excellency, if I may repeat what he said without impertinence, has a great reputation for economic administration, and the Council may well leave this matter in Your Excellency's hands for the present. On one point, however, I must express my dissent from the Hon'ble Member. I do not agree with him as regards the undesirability of the machinery which I have suggested—the machinery of a public inquiry. I think public inquiries from time to time serve a special purpose of their own. Apart from the economies, that may actually be effected as a result of such inquiries, every department is put on its defence, and that in itself is something to achieve. The fact that there is going to be an enquiry, so to say, shakes every department and makes it put its house in order, and that, to my mind, is no small advantage in such matters.

“As regards audit, my Hon'ble friend's remarks were highly encouraging. I hope that he means even more than he says, and that it is his official position and his responsibility that have made him use that cautious language. One observation of the Hon'ble Member in this connection, however, calls for a brief comment. I think I caught a suggestion of the argument in his speech that there is a good deal of difference between the condition of India and the condition of Western countries, and that, therefore, what has answered very well there may not answer equally well here. I quite admit that; at the same time it should not be forgotten that this view that an independent audit would do good to India was a view taken successively by the Government of India and by the Secretary of State. The Welby Commission went into this question carefully. It was not able to make a unanimous recommendation, because the Commission was equally divided on the point. One section, headed by Lord Welby, strongly supported an independent audit. The other section, however, opposed it, and, among other arguments, urged that the creation of an audit officer, independent of the Government of India, would lower the prestige of the Government in the eyes of the people of this country. This, however, is an argument which I think is not worth considering. The man in the street does not understand what an audit officer is for and what are his relations with the Government of India. And those Indians who understand these things also understand why an independent officer is not created, if one is not created. Therefore the non-creation of this officer does not mean any special prestige for the Government, neither can his creation involve any loss of prestige.

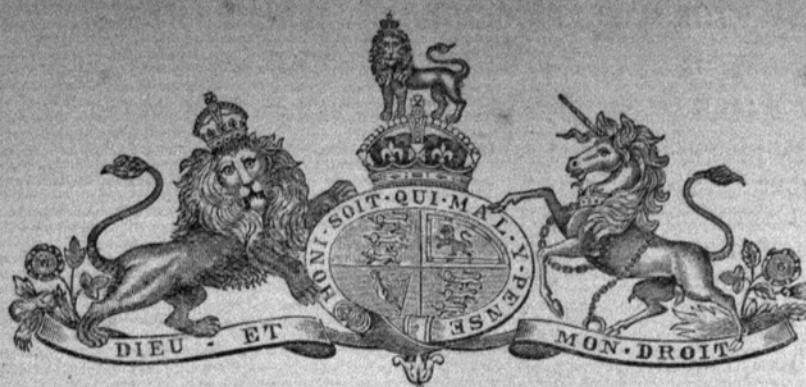
“My Lord, with these observations, and thanking the Hon'ble Member once again for his very friendly reply, I ask for leave to withdraw my Resolution.”

His Excellency THE PRESIDENT:—“Permission is granted to the Hon'ble Member to withdraw his Resolution. I think, gentlemen, now we have arrived at the end of all the work that is before us for the time being, and I propose that the Council should adjourn till Tuesday, the 31st instant. The meeting on that occasion will be of a purely formal character for the presentation of a report on the Factories Bill. The presence of the Hon'ble Additional Members of Council who are not resident in Calcutta will not be necessary. It may, however, be convenient for Hon'ble Members to know that after the adjournment on the 31st the Council will not meet till the 1st of March when the Financial Statement will be presented to the Council. The Council, gentlemen, is now adjourned.”

J. M. MACPHERSON,

*Secretary to the Government of India,**Legislative Department.*

CALCUTTA; }  
The 3rd February 1911. }



# The Gazette of India.

PUBLISHED BY AUTHORITY.

CALCUTTA, SATURDAY, MARCH 4, 1911.

Separate paging is given to this Part in order that it may be filed as a separate compilation.

## PART VI.

### GOVERNMENT OF INDIA. LEGISLATIVE DEPARTMENT.

PROCEEDINGS OF THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA,  
ASSEMBLED FOR THE PURPOSE OF MAKING LAWS AND REGULATIONS  
UNDER THE PROVISIONS OF THE INDIAN COUNCILS ACTS, 1861 TO  
1909 (24 & 25 VICT., c. 67, 55 & 56 VICT., c. 14, AND 9 EDW. VII, c. 4).

The Council met at Government House, Calcutta, on Wednesday, the 1st  
March 1911.

#### PRESENT :

His Excellency BARON HARDINGE OF PENSHURST, P.C., G.C.B., G.C.M.G., G.C.V.O.,  
G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*,  
and 54 Members, of whom 48 were Additional Members.

#### OATH OF OFFICE.

The following Additional Members, before taking their seats, made the  
prescribed oath of allegiance to the Crown :—

The Hon'ble Major-General Grover.

The Hon'ble Sir Henry McMahon.

#### WATER-SUPPLY AND DRAINAGE WORKS.

The Hon'ble MR. BUTLER laid on the table a statement \* giving information as to the provision of filtered water-supply and efficient drainage-works, in certain towns, which was asked for by the Hon'ble MR. GOKHALE at the meeting of the Legislative Council held on the 24th January 1911.

The Hon'ble MR. MADGE asked :—

“If the Military Depot at Landour, described as a sanitarium in the Army List of January 1910, has ever been declared a cantonment since November 18th, 1903, when it was officially stated ‘never to have been gazetted a cantonment,’ or since February 4th, 1908, when it was officially stated that ‘the Government of India had decided to notify Landour a cantonment,’ will the Government be so good as to give the number and date of the declaratory order and the date of the Gazette publishing it for general information ?”

\* *Vide* Appendix A.



The Hon'ble MAJOR GENERAL GROVER replied :—

“The Military Depôt at Landour has not been declared a cantonment since November 18th, 1903, to the present time. A notification under section 3 (1) of the Cantonments Act, 1910 (Act XV of 1910), is not essential for the constitution of a cantonment.”

The Hon'ble MR. MADGE asked :—

“Will the Government be so good as to state what compensation it proposes giving widows, orphans and other members of the domiciled community, whose proprietary rights in lands, as settled by authoritative documents, may be prejudicially affected should the Government have finally decided on subjecting private ownership in such lands in Landour to Cantonment Rules or on resuming them?”

The Hon'ble MAJOR GENERAL GROVER replied :—

“The rights of owners of estates holding authoritative official documents, that is, the ‘Norman Guarantee,’ have been acknowledged, and the rights of property owners who produce other acknowledged authoritative documents will not be affected by the inclusion of their estates within the limits of the cantonment. Others have refused to produce documentary evidence in support of their claims to proprietary rights when called upon to do so. The question of compensation is not therefore involved.”

The Hon'ble MR. MADGE asked :—

“Will the Government be pleased to state whether there is any legal or customary prescription defining a cantonment as a place containing a certain quantity and quality of military force, and whether Landour has ever possessed this qualification?”

The Hon'ble MAJOR GENERAL GROVER replied :—

“There is no legal or customary prescription defining a cantonment as a place containing a certain quantity and quality of military force. Any place *de facto* occupied permanently for the quarters of troops is a cantonment within the meaning of the Cantonments Act, 1910 (XV of 1910), though no action may have been taken in respect of it under section 3 of that Act.”

The Hon'ble MR. MADGE asked :—

“Will the Government be pleased to say whether it makes any, and, if so, what, distinctions between estates included under the Norman Guarantee and other estates held under the terms of the Wells settlement, but not included in the Norman Guarantee, in respect of the private rights of proprietors?”

The Hon'ble MAJOR GENERAL GROVER replied :—

“It is probable that a distinction will be made between estates held under the ‘Norman Guarantee’ and other estates purporting to be held under the term of the Wells’ settlement, but which are not included in the ‘Norman Guarantee.’ In the former case Government have already acknowledged the rights of such owners. In the latter case I will refer to my reply to your second question.”

The Hon'ble MR. SUBBA RAO asked :—

“(a) Is it a fact that the principles on which the profits of Life Assurance Companies are determined for the purpose of assessment under the Income-tax Act vary in different Provinces and that they depart from the principles governing the assessment of income according to the Income-tax Act in England?”

“(b) Will Government be pleased to state how Life Assurance Companies are assessed under the Income-tax Act in different Provinces?”

“(c) Will Government be pleased to lay down rules in accordance with which such profits might be determined for purposes of assessment under the Income-tax Act?”

The Hon'ble SIR G. FLEETWOOD WILSON replied :—

“It is understood that the method of determining the profits for assessment to income-tax is not uniform in the different Provinces. As the administration of the Act vests in Local Governments, the Government of India do not lay down rules on this particular point for their guidance. But if the Hon'ble Member will indicate in what respect he considers that the existing method of assessment works inequitably, I shall be glad to look into the matter.”

The Hon'ble MR. SACHCHIDANANDA SINHA asked :—

“(a) Has the attention of the Government been drawn to the Circular issued by the Divisional Commander (Supply and Transport Corps), Lahore, published in the *Tribune* of 24th September 1910, regarding the clerical establishment of the Army?”

“(b) Are the Government aware that in pursuance of the Circular trained and efficient apprentices and other hands have been discharged and replaced by untrained and inefficient men, on the alleged ground of adjusting class or religious balance?”

“(c) Will the Government say whether they will direct that in attempts made to adjust class or religious balance in the clerical establishment of the Army, nothing should be done which would entail hardship on those who are either already in service or entitled to it by reason of their having served as qualified apprentices?”

The Hon'ble MAJOR GENERAL GROVER replied :—

“(a) Yes.

“(b) No. One temporary clerk ceased to be employed on the 17th October and one on the 28th November last and efficient Muhammadans have been employed in their places.

“(c) Instructions have been issued under the orders of His Excellency the Commander-in-Chief as regards the future recruitment of Indian clerical establishments in all departments of the Army. These instructions do not affect those who are already in the service. Apprentices (so called) who are permitted to attend offices purely in their own interests, have no claim to special consideration.”

The Hon'ble MR. SACHCHIDANANDA SINHA asked :—

“In replying to a question put by me about the Afghan newspaper at the last meeting of the Council, the Hon'ble Mr. Jenkins said that ‘the Government of India have no information as to whether any articles in the newspaper in question had been calculated to operate in the manner suggested’ (namely, to embitter feelings between the Hindus and the Musalmans) and that ‘the amount of the subsidy is something like 800 rupees a year’ paid by the North-West Frontier Administration by way of subscription to the papers.”

“(a) Are the Government aware that public meetings were held at Dera Ismail Khan, Bannu and Hoshiarpur in November 1909, condemning the writings of the *Afghan*, and that representations were duly made by the presidents of these meetings to the North-West Frontier Administration on the subject?”

“(b) Will the Government be pleased to state what orders, if any, have been passed by the Local Administration on these representations; and what action, if any, has been taken in consequence of them?”

“(c) Since when have the North-West Frontier Administration been subsidising the *Afghan* by subscribing to copies of it, and how much money has so far been paid to that paper?”



“(d) Is it true, as stated in the *Punjab Advocate* of Mianwali, and reproduced in the *Tribune* of November 13th, 1910, that the North-West Frontier Administration have entered into a contract with the ‘Afghan Press’ for printing all papers in connection with the census operations of that Province ?

“(e) Will the Government be pleased to direct that the North-West Frontier Administration should discontinue subsidising the *Afghan* or patronising the ‘Afghan Press’ ?”

The Hon'ble MR. JENKINS replied :—

“(a) and (b) The Local Administration has no information regarding any public meetings held at Bannu and Hoshiarpur, nor has it received any representation from persons who took part in any such meetings. In November 1909 a meeting was held at Dera Ismail Khan organised by the editor of a rival newspaper. No action was taken by the Local Administration as a result of that meeting, the meeting having been organised by a trade rival. It may be mentioned, however, that in April 1910 a warning was addressed by the Local Administration to the editor of the *Afghan* to mend the tone of his paper ; and it is reported that since then he has not offended.

“(c) The Local Administration about two years ago encouraged the establishment of a newspaper which, it was hoped, would exercise a wholesome influence, by subscribing for a certain number of copies of it. The publication of the newspaper was commenced, and a sum of Rs. 1,200 was expended by the Local Administration on the purchase of copies for the two years ending October 1910. In that month the subscription was stopped by the Chief Commissioner, because the newspaper was found to have published controversial and sectarian matters, contrary to the conditions on which copies were subscribed for. It has now been reported that the newspaper in question has ceased to exist.

“(d) The Local Administration reports that no printing in connection with the census of the North-West Frontier Province has been entrusted to the *Afghan Press*.

“(e) In the circumstances explained under heads (c) and (d) it is unnecessary to give a reply to the last question.”

The Hon'ble MR. CHITNAVIS asked :—

“(a) Is it not the fact that in the Central Provinces tenants' rents are fixed by Settlement-officers at every revision of settlement ?

“(b) Is it not the fact that these rents form the basis on which revenue is based and for payment of which malguzars are responsible ? Are malguzars consulted in the fixation of such rents ?

“(c) Is Government aware that in reply to my question on 28th March 1895, the Hon'ble Sir Antony Macdonnell on behalf of Government was pleased to say that the Chief Commissioner will be asked to consider whether it would be practicable to consult him (malguzar) in the first instance also ?

“(d) If so, whether any such inquiry was then made and with what results ?

“(e) Will Government say whether it will reconsider the matter in the light of present circumstances and fix tenants' rents with the consent of, or in consultation with, the malguzars, who are responsible for collection and revenue ?”

The Hon'ble MR. CARLYLE replied :—

“ Clause (a).—The answer is ‘ Yes ’.

“ Clause (b).—The answer to the first part of this question is ‘ Yes ’. The answer to the second portion is :—

‘ When first determining the assets which form the basis of the Government revenue the Settlement-officer does not ordinarily consult the malguzar

regarding enhancements. But when announcing the rents the Settlement-officer may modify individual rents on cause being shown, and in making such modification the malguzar is always consulted'.

" *Clause (c).*—The reply is 'Yes'.

" *Clause (d).*—The reply is :—

'Such inquiry was made and the result was that it was considered that, although nothing should be done to prevent Settlement-officers from consulting as before any malguzars whose advice could be relied on, it was unnecessary and inexpedient to prescribe any general consultation of malguzars during the preliminary stages of assessment.'

" *Clause (e).*—The reply is :—

'Present circumstances do not in the opinion of Government justify a reconsideration of the decision arrived at in 1895 and referred to in the preceding reply'.

The Hon'ble MAHARAJADHIRAJA BAHADUR OF BURDWAN asked :—

"Will the Government be pleased to state the percentage of Muhamadan students reading in colleges affiliated to the Calcutta, Allahabad, Madras, Bombay and Punjab Universities respectively?"

The Hon'ble MR. BUTLER replied :—

"The following figures show the percentage of Muhammadan students to the total number of scholars in colleges affiliated to the various Universities in India, other than those in Ceylon and in certain Native States which do not furnish returns to the Department :—

Madras University	.	.	.	.	.	.	.	.	1.7
Bombay "	.	.	.	.	.	.	.	.	3.9
Calcutta "	.	.	.	.	.	.	.	.	6.6
Allahabad "	.	.	.	.	.	.	.	.	23.9
Punjab "	.	.	.	.	.	.	.	.	21.8 "

The Hon'ble MAHARAJADHIRAJA BAHADUR OF BURDWAN asked :—

"Will the Government be pleased to lay on the table a statement showing the number of Kshattriyas (wrongly spoken of as Khattris) in the active service in the Native Army of India?"

"Will the Government be pleased to state the Provinces and districts from which the majority of such Kshattriya soldiers are recruited?"

"Will the Government be pleased to state the chief reasons why Kshattriyas (erroneously called Khattris) are not enlisted in the Native Army in larger numbers?"

The Hon'ble MAJOR GENERAL GROVER replied :—

"The term 'Kshattriya' (Chattri or 'Chettri') is now used to describe themselves by only a portion of the recognised 'Kshattriya' classes enlisted in the Indian Army. As far as the Indian Army is concerned, the 'Kshattriya' classes include those that recognise themselves and are generally recognised by the term 'Rajput'.



"In accordance with this interpretation of the term the following are the numbers of the 'Kshattriya' classes enlisted in the regular Army as combatants :—

Class.	District from which enlisted.	Number.
<i>Hindus.</i>		
Rajputs of the Dogra Country and of the Trans-Sutlej, Punjab.	Kangra, Jammu and Trans-Sutlej, Punjab	7,250
Gurkhas (Khas)	Nepal	2,222
Rajputs	Cis-Sutlej, Punjab	1,627
	United Provinces, Oudh and Behar	6,366
	Rajputana	3,384
	Central India	142
	Central Provinces	71
	Dekkhan	52
	Total Hindu Kshattriyas	21,114
<i>Musalman Rajputs.</i>		
	Trans-Sutlej Punjab	5,866
	Cis-Sutlej Punjab	3,610
	United Provinces and Oudh	635
	Rajputana and Central India	1,113
	Total Kshattriya Classes enlisted	32,338

"It is not known how many of the above classes call themselves 'Chattris' or 'Chettris'.

"Of the Punjab class which recognise themselves as 'Kshattris' there are 905\* enlisted in the Indian Army.

\* Many of these are Sikhs, or become so on enlistment.

"As above shown the total number of 'Kshattriyas' enlisted in the Indian Army is 32,338, which is considered by His Excellency the Commander-in-Chief a fair proportion of its total strength.

"The number of 'Kshattris' enlisted in the Army is not restricted. On the whole this class shows no great desire to come forward and enlist as soldiers. Kshattris for the most part being well off are quite content with their civil occupations."

The Hon'ble RAJA OF DIGHAPATIA asked :—

"Will the Government be pleased to state the time when action is likely to be taken upon the recommendations of the Decentralisation Commission in the matter of the election of non-official Chairmen in a certain class of municipalities in the country?

"Will the Government be pleased to state if it is also in contemplation to grant certain District Boards the right to elect their own Chairmen?

"Has the Government any intention to broaden the existing constitution of the District Boards by throwing a larger number of seats open to election in each of them and reducing the present number of nominated members?"

The Hon'ble MR. BUTLER replied :—

"The recommendations of the Decentralisation Commission on these points have been referred to Local Governments. The replies of all such Governments not having as yet been received the Government of India are unable to make any statement at present."

The Hon'ble RAJA OF DIGHAPATIA asked :—

“Is it a fact that certain classes of public servants drawing salaries of Rs. 500 or over per month are allowed an extra house-allowance now-a-days in addition to their salaries, and, if so, is such allowance given to Europeans and Indians alike?”

The Hon'ble SIR G. FLEETWOOD WILSON replied :—

“House allowance schemes under which allowances are granted to officers who have their families residing with them have been sanctioned for Calcutta, Bombay and Rangoon. Their benefits are confined, roughly speaking, to officers whose pay is between Rs. 500-2,500 per mensem; no distinction is drawn between Indians and Europeans.”

The Hon'ble RAJA OF DIGHAPATIA asked :—

“Is it a fact that there are some newspapers which receive Government advertisements at rates higher than they charge the general public or higher than those charged by newspapers with much larger circulation?”

The Hon'ble MR. JENKINS replied :—

“The Government of India are not aware of any newspapers which receive Government advertisements at rates higher than those charged to the general public or higher than those charged by other newspapers with larger circulation.”

The Hon'ble RAJA OF DIGHAPATIA asked :—

“Is the Government aware that in several parts of the country Magistrates have asked proprietors of presses and newspapers to furnish security required under the Indian Press Act of 1910 merely on the ground of change of address or printer?”

“Will the Government be pleased to state whether it intends to issue a circular to all the Local Administrations to see that the provision of the Indian Press Act of 1910 regarding security is administered in every province in a uniform spirit and that no press or newspaper may be called in the future in any Province to furnish any security merely on the ground of change of address or the printer?”

The Hon'ble MR. JENKINS replied :—

“A similar question was put by the Hon'ble Mr. Bhupendranath Basu in the Council meeting of the 5th of August 1910, and the Hon'ble Member's attention is invited to the answer then given. The Government of India have already issued full instructions to Local Governments in regard to the administration of the Press Act, and advised them that security should not be demanded from the keepers of existing presses and publishers of existing newspapers which are well conducted, and they have no reason to think that the instructions issued are not being loyally observed.

“If the Hon'ble Member will bring any specific case of failure to observe the instructions to notice, it will receive the attention of Government.”

#### FINANCIAL STATEMENT.

“The Hon'ble SIR GUY FLEETWOOD WILSON said :—“I rise to present to the Council the Financial Statement for 1911-12. It has been prepared in the same form, and the procedure and facilities for discussing it will be in all essentials the same as they were a year ago. There is to be no debate to-day; but the detailed examination of the figures and the discussion of any resolutions that may be moved regarding them will begin on Tuesday, the 7th March, and to this stage of the work will be devoted such part of next week as may be necessary for its completion. I shall then withdraw the Financial Statement for whatever amendments our later information may suggest or the



discussions in Council may necessitate. About a fortnight later—the 24th being the date which I understand Your Lordship intends to fix—I shall present the Budget in its final form, with all these amendments incorporated in it: and the usual winding-up debate will open on the following Monday.

“ 2. The statement which I present to-day is a much more cheerful statement than that which I had to lay before the Council a year ago. We were then on the threshold of what we hoped would be, in its trade and its agriculture, a year of normal prosperity; but two factors of a wholly exceptional character threatened to disturb the equilibrium on which we should otherwise have counted. On the one hand, the export of our opium to China was to be materially reduced; and, even if prices were to rise—as experts assured us they would—the result would only be a transient benefit which prudence forbade us to use for our ordinary and recurring needs. On the other hand, we had to provide an adequate financial equipment for the new province of Eastern Bengal and Assam, where the administration, starved at many points in the past, had recently been carried on with the help of doles from our surpluses or overdrafts on our general balances. The net result was that I found myself unable to equate the revenue and expenditure in our estimates for the current year without the help of extra taxation; and legislation was accordingly proposed, and accepted by this Council, for increasing certain stamp duties and for raising the customs tariff on silver, petroleum, tobacco, wine, beer and spirits. Standing as we now do in the last month of the year, we can see that the position has become more favourable than I then anticipated. The revenue has been in many respects better than the average, and our expenditure has been kept well in hand; so that the year closes far more favourably than I had anticipated. I must, however, warn the Council that we cannot now dispense with the additional strength which these new taxes have brought to our resources. In view of all that lies before us, the time, in my judgment, is not distant when the Government of India will require the substantial support from the broader basis of taxation which our new duties have provided. It is not our intention therefore to alter the Customs tariff again as a budget measure for the coming year, except by a small correction in our scale of tobacco duties which I shall have to propose in the hope of improving the yield of revenue from that particular source.

*“ Revised Estimate of 1910-1911.*

“ 3. With these preliminary remarks, I proceed to compare the budget provisions for the current year with the actual figures which we now expect will be realized. My estimate for the year was framed, as I explained at the time, on the belief that, if the monsoon rains were adequate, the land revenue would be punctually collected, our customs receipts would rise, our railways would do well, although renewals and repairs might still be heavy, and most of our other heads of revenue would show an improvement. The result has not disappointed us. The rains, and the great agricultural operations which so vitally depend upon them, have been on the whole most satisfactory. The timely and well-distributed winter rainfall had brought fine crops to harvest in the spring of 1910. When the hot weather came on, conditions were normal, and the Bombay monsoon started on due date and spread with much vigour: so that the area affected by it was never in danger. Some anxiety, however, was caused by the behaviour of the Bay of Bengal current, which advanced into India much before its usual time, and then displayed considerable weakness. In the result, the rain in July was about 16 per cent. short of what it should have been, and the falls were extremely unequal. The deficiency was serious in the United Provinces, which obtained less than two-thirds of their proper supply, in Rajputana, the western portion of the Central Provinces, Malabar and Lower Burma. In other parts of India, particularly Madras, the average was exceeded, and at places the falls were abnormally heavy. Matters for a time were critical. From the United Provinces, in the middle of July, came reports that the crops were withering, sowings retarded, rain urgently needed, and anxiety prevailing over large areas. If bountiful rain had not fallen within the next few weeks, I should have

had very different story to tell the Council to-day. In August, however, normal conditions again asserted themselves, and for the rest of the monsoon period the rain was ample and well distributed. The record of the recent winter showers has been generally satisfactory.

"4. In the narrative of our harvests we find these favourable conditions reflected. The spring crops which were coming to market at the beginning of the financial year were excellent: wheat yielding an outturn of 15 per cent. above the average, and oilseeds doing fully as well. Into the controversy about the jute crop I am not sufficiently daring to enter: but in most of the jute districts conditions were seasonable, and the departmental estimate was 90 per cent. of a normal outturn. Cotton was grown on a very large area; and although it suffered from the later rains, the yield was not far short of what had been obtained in the previous year. Rice in Bengal was affected by floods: but the Burma crop has been excellent, and it is estimated that 45 million cwts. of cleaned rice will be available for export. With the crops now in the ground, so far as our information goes, all is well; the area under wheat and seeds being unusually high and their condition generally good. All this has meant a year of reasonable comfort for the agricultural population; and though plague unhappily has not yet left us, public health has been good, and the spirit of the people has not been shaken by scarcity or other widespread calamity.

"Turn now to our external trade, in the success of which our harvests play so large a part. During the first nine months of the year, *i. e.*, up to the end of last December, the total value of our imports and exports on private account was 272 crores, a higher figure than they had ever reached in the same period of any previous year. I do not wish to make this prove too much, as the figures are for values, not volumes, and are thus affected by the high prices which prevailed, for example, for cotton and opium. There was also some stagnation in two of our important industries; but on the whole the figures show a decided revival in our general commerce. The large imports of gold and the heavy Council drawings at a strong exchange tell the same tale.

"5. Such being the conditions of the year which is approaching a close, their effect would naturally be an improvement upon the cautious estimate of revenue and expenditure which was presented to the Council in the Budget of last March. The measure of this improvement is that our Imperial surplus now seems likely to rise to £3,489,300. The increase, however, must be discriminated into that which is stable or normal, and that which is abnormal or transient. Our revenue has been increased roundly by £2,940,000 on account of the remarkably high prices for which our Bengal opium has sold; and of this amount two-thirds (or nearly 2 millions) have passed into our surplus under an arrangement which I shall subsequently explain. The true improvement in our surplus is thus about £1,150,000 due to better receipts under the great majority of our ordinary heads of revenue, and a small saving on our budget of expenditure.

*" Opium revenue.*

"6. It would be impossible to make the financial position clear without an account of our opium revenue in the current year, and of the events by which it has been influenced. The general situation at the beginning of 1910 was comparatively simple. We were then entering upon the third year, and the end of the first stage, of our agreement with China for the reduction of our opium exports. Under that agreement, our Bengal sales and Malwa exports combined were to be kept down to 51,700 chests during the calendar year 1910. Further reductions at the rate of 5,100 chests a year were to be contingent on China giving evidence of having concurrently diminished her own production of opium; and the question of raising the consolidated duty upon the import of opium into China remained in suspense pending the receipt of certain assurances for which we had asked the Chinese Government. The prospect of a falling supply had begun to agitate the market towards the end of 1909, and prices rose rapidly to a very high level in last



April. But a sharp reaction followed. We had known for some time that the Chinese authorities were attached to the idea of a heavy license duty, as one of the measures for the control and check of consumption. In May last, the idea came to fruition; and with effect from the 7th June 1910, the Viceroy of Canton imposed a tax of 30 cents per tael on all boiled opium (equivalent to about R400 a chest on our export opium), with a supplementary provision that raw opium bought from importers should be boiled within a fixed time—which was originally put at three days—after its purchase. Several of the more objectionable features of the scheme were modified as the result of diplomatic action: but the tax remains and has recently been raised to about R640 a chest, and the Chinese Government has not yet been induced to admit that it contravenes the spirit of the Chefoo Convention. It would be inexpedient for me at present to say more on this delicate subject. Technicalities apart, the main principle to which His Majesty's Government have adhered throughout the discussions on the Canton tax is that the regulations of the provincial authorities in China must not substantially and obviously abrogate the existing rights of British traders, or discriminate between native and foreign opium to the prejudice of the latter.

“7. I referred a moment ago to the obligation which lies upon China to reduce her own cultivation of the poppy *pari passu* with our reduction of our exports. To produce statistical evidence of her diminished production, was admitted by the Chinese delegates at the Shanghai Commission to be impossible. It was therefore decided that local enquiries should be undertaken, as a basis for a comparative record of the growth of the poppy in the different provinces. For this purpose, Sir Alexander Hosie, the experienced commercial attaché to the British Legation, was appointed to tour through China and estimate the progress which she has made in her reforms. The area to be covered is enormous; and pending the completion of the enquiry we have agreed to carry on the reduction in our exports to the end of 1911; so that in the present calendar year we intend to sell 31,440 chests of Bengal opium and to permit the export of 15,160 chests of Malwa. What will happen after 1911 depends on the agreement which is now being negotiated at Peking. Regarding the pending negotiations I am obviously not in a position to make any announcement. I can only ask the Council to believe two things. One is that we have great sympathy with the desire of those genuine patriots in China who are striving to free their country from the evils of excess in opium, and that we are prepared to make real sacrifices to help them. The other is that vigilance must go hand in hand with our sympathy. We cannot consent that India should suffer losses which will bring no corresponding benefit to the cause of China's reforms; and we shall safeguard the legitimate interests of our trade so long as the trade remains.

“8. There is one point at which we have in some measure anticipated the result of the Peking negotiations, and I am glad to have this opportunity of explaining it in detail. When our first agreement was made with China in 1908, it was based on the fact that the consignments of our opium to China before that year had averaged 51,000 chests, while 16,000 chests had been our average supply to Singapore and other markets outside China. Two courses were open to the Chinese Government in getting these figures reduced. They could either, with the consent of all the Treaty Powers, restrict their imports: or they could arrange with us, at once and without any other intervention, that we should restrict our exports. China deliberately accepted the latter course, and we have scrupulously adhered to a reduction of 5,100 chests every year, being one-tenth of the average of our China shipments in previous years. China, however, has found that her imports have not been falling in the same ratio, mainly because the high prices which her people are now prepared to pay for our opium are attracting supplies which would otherwise have been consumed in Singapore and elsewhere. His Majesty's Government were accordingly approached by China with a request that we should help her to make the reduction in her imports as effective as the reduction in our exports; in other words, that we should co-operate in preventing any part of the 16,000 chests which used to go to Singapore and elsewhere from finding its way into China. It is obvious of course that nothing would conclusively effect

this purpose except a definite restriction at the ports in China which are open to foreign trade; and this in turn would require not only an agreement with Great Britain, as representing India, but the concurrence of the other Treaty Powers. To secure their consent will take time: and due notice will also have to be given to the trade before a change of such importance can be enforced. In the meanwhile, however, we have begun to sell and export under special certificates the precise number of chests which, if the proposal is confirmed, will be the purely China supply. I wish it to be very clearly understood that this 'earmarking'—as it is called—has been decided upon as a spontaneous proof of our good-will towards China and our desire to help her. We were under no obligation whatsoever to undertake it in the absence of the renewed agreement which is now being negotiated, and, if a satisfactory agreement is not concluded, we are under no obligation whatsoever to continue it.

" 9. It now remains to show how the events of the year have re-acted upon our opium revenue. In February and March of 1910, in response to the excitement in the China markets, our Bengal opium sold for prices which I described at the time as unprecedented for half a century. But even these faded into comparative insignificance before the price of R3,827 a chest which was reached in April last. The Chinese connoisseurs were supposed to be ready to pay fanciful prices for a drug which was every year becoming a less attainable luxury. In May came the news of the license tax at Canton: a large quantity of the Indian opium goes into the Kwang provinces: and the price at our July sale dropped to the neighbourhood of R2,000 a chest. As the position cleared and the harsher features of the Canton monopoly were withdrawn, the market slowly improved again, and the sales of last month (all being 'earmarked' opium) fetched R3,439 a chest. The net result of these striking fluctuations is that we now estimate for an average rate of R2,925 on the year as a whole. Compared with the budget figure of R1,750 a chest, this gives us a very large surplus revenue; and I have next to tell the Council how we propose to employ the windfall. Revenue which is so wholly exceptional in character and amount is clearly not revenue which may properly be put into our general resources to meet our permanent and recurring expenditure. Our first care therefore, when prices began to move, was to prepare an estimate of what would be our normal receipts, year by year, on the basis of normal prices and on the assumption that the cumulative restriction on our exports to China will continue. On these data we have carefully worked out a scale of diminishing revenue; and we have decided, with the full approval of the Secretary of State, that the whole amount by which, in any year, the actual receipts may exceed our hypothetical or standard figure will be kept apart from our ordinary revenues. It will not be funded: but it will be employed in each year on services for which the ordinary revenue of the year would not usually be available. We believe that this is the only prudent course to pursue, and we are confident that it will have the approval of the Council, as it was foreshadowed more than once in the course of the Budget debates last year.

" 10. Under the scheme which I have now outlined, our standard figure for the current year is 7 crores of rupees. Our estimated receipts being 11.4164 crores, we have thus to dispose of 4.4164 crores or £2,944,300 in some special manner. What we mean to do is to remit two-thirds of the excess to England, for the discharge of temporary debt. There is clearly no purpose to which a sudden influx of non-recurring revenue can more appropriately be devoted than to reducing our capital liabilities, easing our interest charges, and strengthening our national credit. I need hardly remind the Council that as a consequence of our serious losses of revenue in 1908-1909, we were unhappily obliged to increase our floating debt; and it is extremely desirable to take the earliest opportunity of redeeming, either directly or indirectly, the temporary obligations which we then incurred. The remaining one-third of our windfall will be distributed in the form of grants for the initial or capital expenditure on large schemes of educa-



tional and sanitary progress. In pursuance of this policy we propose to make the following grants to the different provinces:—

Provincel.	FOR CAPITAL EXPENDITURE ON	
	Education.	Sanitation.
	£	£
Central Provinces . . . . .	26,700	13,300
Burma . . . . .	53,300	46,700
Eastern Bengal and Assam . . . . .	74,500	60,000
Bengal . . . . .	163,300	66,700
United Provinces . . . . .	106,100	70,000
Punjab . . . . .	60,000	66,700
Madras . . . . .	43,800	28,300
Bombay . . . . .	73,500	28,300
TOTAL . . . . .	601,200	380,000

“Those Local Governments which have provincial settlements will carry the money to their balances until its expenditure is required on schemes sanctioned by proper authority. I will leave it to my Honourable Colleague in charge of the Education Department to explain the principles upon which these allotments have been made.

#### “ Ordinary Revenue.

“ 11. The ground has now been cleared of the opium receipts and of the effect which they have had in inflating our surplus. For all other heads of revenue, our budget estimate was £70,803,800. We now hope to realise £72,297,300; and to this improvement three groups of revenue-producing services have contributed. The first group consists of those heads of revenue which respond directly to good harvests and agricultural prosperity:—Land Revenue and Irrigation, with a betterness of £26,500 over the budget; Excise, where the yield has risen by £133,400; and Stamps, where it is better by £71,500. Second comes the group of services which are connected more immediately with trade and whose earnings rise with the revival of commercial activity. Chief among these is Railways, which I believe will be better than the budget by £1,176,100 net; then follow Customs, £478,700 better; Posts and Telegraphs £80,200 better, and Forests £58,600 better. The third group comprises what I may call the financial services, which move in sympathy with the other groups. I refer to Interest, £303,600 higher than our original estimate; Exchange, £62,600; and Mint, £46,400 in the same direction.

“ 12. Such has been the general trend of the year's revenue as a whole. But in this Council it is the Imperial surplus with which we are chiefly concerned; and I propose now, dropping all minor corrections in our estimates, to describe the chief outstanding features in that surplus. Broadly speaking, the great improvement which it shows has been the resultant of four large variations in our figures:—Railways, Customs and Interest have turned out very much better than the Budget; Salt considerably worse. It is on these four heads alone that I shall dwell for a moment.

“ 13. Our Railways have again assumed their pride of place as the dominant factor in our ordinary finances. I had budgeted, with no small hesitation, for gross receipts of 29½ millions from State railways,—a higher figure than we had ever realized before and nearly a million in excess of the very large earnings of the previous year. Business, however, has steadily improved upon our forecast. The movement of cotton and oilseeds has been especially active; and a notable feature of the year is the great increase in coaching traffic, attributed in part of the marriages and pilgrimages of an auspicious and prosperous year. Along with all this, there has been a gratifying fall in working expenses, indicative, I hope, of the closer control now exercised by the

Railway Board over that campaign of special renewals and repairs which helped to embarrass our finances two years ago. The year will close with gross receipts not far short of £800,000 in excess of what I anticipated, while the saving in working expenses has exceeded £400,000.

"14. As a reflex of our external commerce, the Customs receipts have been equally satisfactory. I had estimated them at roughly 6 millions, including very nearly 1 million as the result of our new taxation. They will actually be at least  $6\frac{1}{2}$  millions; the rise occurring chiefly under sugar, piece-goods, metals and manufactured articles generally. The new taxes have given us fully the million which we counted upon. Our estimate was approximately correct for beer, wines, spirits and petroleum: but we had not made sufficient allowance for the effect of the new tobacco duties upon the import of the cheapest cigarettes. Any shortage on this account, however, has been more than covered by the increase in receipts from silver. We had put the probable income from the four anna silver duty at a crore of rupees; this was essentially a cautious estimate, because other considerations were involved than the rise in duty, about which in itself we were never nervous. But all has gone well, and our realized revenue will probably be about  $1\frac{3}{4}$  crores. It is to me a genuine pleasure that a tax about which some of my Hon'ble friends expressed the gloomiest apprehensions last year has worked so smoothly, has caused no hardship to anyone, and has established itself as a powerful yet inoffensive auxiliary to our general resources. It has not depressed the price of silver, or turned the China exchanges against us, or had—so far as I am aware—any of the other ill-effects which were feared. There have been some remarkable ups and downs in the silver market during the year: but no one who knows the facts—and I have reason to believe that the facts are tolerably well known in Bombay—will attribute them in any way to our taxation.

"15. The third big lump increase in our revenue is an improvement of more than a quarter of a million under Interest. For this we are mainly indebted to the skilful handling by the Secretary of State in Council of the ample cash balances which we have been able to hold during the year in London, pending their employment on capital outlay and the redemption of temporary debt.

"16. Our Salt revenue provides the last of the four large departures from our estimates, inasmuch as it is shown at £232,100 below the budget figure. This is in part, however, a postponement of revenue and not a real loss. The increase in the consumption of salt, it is true, has been curiously slow since our last remission of duty, and has disappointed those who maintained that the use of salt by the people would be greatly stimulated by low duties. In the current year, there has even been a slight drop, though not enough in ordinary course to have seriously affected our revenue. The reason why the latter has declined so appreciably is that the trade in Bengal has at last discovered the capabilities of its new privilege of clearing salt on credit. Under this system, we shall probably have duty outstanding on over 2 millions of maunds at the end of the year in Bengal alone, and our current revenue is to that extent reduced by a carry-forward to next year.

"17. The combined effect of these four large changes in our figures has been an improvement of £1,726,300 in the revenue. A number of other heads of revenue have given me smaller contributions which would have brought the total for the year to nearly two millions better than we had anticipated. Part of this, however, has been absorbed by a large reduction in our Imperial share of the Land Revenue (including the portion of it which is credited under Irrigation). It is by waiving our rightful proportion of the income from this source that we make the provincial exchequers participants in our good fortune; and on the present occasion we are in the happy position of being able to provide funds for a number of important projects which, a year ago, I saw very little chance of being able to help. The chief grants which we propose to allot out of the surplus in our normal revenues are the following:—

£166,700 to Burma, to enable that province to make its promised contribution of 25 lakhs to the Rangoon harbour without



impoverishing the allotments for much needed improvements in its other public works.

£183,600 to Eastern Bengal and Assam for the initial expenditure on two large schemes for the re-organization of its subordinate police generally, and for the establishment of an efficient river police in particular.

£66,700 to the Punjab as a contribution to the Medical College and Hospital at Lahore, which are intended to be the provincial memorial to His late Majesty King Edward VII.

£123,300 to Madras under an old-standing promise that we should assist in the initial expenditure (now estimated at roughly £250,000) on the Meyer scheme for the re-arrangement of a number of unwieldy districts and sub-divisions in that province.

£333,300 to Bombay, as a subsidy towards the great work in Bombay City upon which its Improvement Trust is now engaged.

"18. A full list of our proposed new grants is given in the explanatory memorandum attached to the estimates; but I have indicated the more important, and I am confident that the distribution will have the Council's approval. We have endeavoured to select projects of the clearest public utility which would have claims upon us for assistance sooner or later,—claims which we should gain nothing by postponing, as they might only fall upon us when we were less able to do them justice. These grants are all non-recurring, and it will of course be understood that they are quite independent of the allotments which we have made from our opium receipts.

#### *" Expenditure.*

"19. On this side of the account I have fortunately an uneventful tale to tell. Our Budget estimate of expenditure was £75,700,600; we now expect the actual outlay to be £75,227,600 or £473,000 less. About three-fourths of the saving occurs in provincial expenditure, and is a welcome sign of the co-operation which we have been receiving from local Governments in our task of checking the growth of expenditure. The saving on the Imperial budget grants is £123,100.

"Under Military services, a considerable reduction (£223,500) has been effected partly in India and partly in England; and the main reasons underlying it are the fall in the prices of food and forage, smaller purchases of ordnance and other stores, and the economical management of our operations for the suppression of the arms traffic in the Persian Gulf. In the Railway revenue account there has been a saving of £217,600 mainly under interest charges; the result, on one side, of smaller capital expenditure than we had provided for and, on the other, of smaller borrowings by two of the leading Companies. Telegraphs show a lapse of £51,500. The budget grant for Stationery and Printing—a subject which attracted special attention in Council last year—has not been spent by £35,700; and the efforts which have been made to eliminate avoidable outlay under this head seem now to be bearing tangible fruit.

"20. With two exceptions—and one of these is largely nominal—there have been no excess of any importance over our budget figures. The only service for which our provision really ran short was the payment to our opium cultivators. Owing to the propitious character of the seasons, the last poppy crop yielded opium of an unusually fine consistence, and the price that had to be paid for it was consequently higher than the normal rate on which we had based our estimate. Under Opium expenditure therefore an additional grant of £153,200 has been necessary. The only other substantial excess occurs under Political, and is chiefly due to our having charged off and transferred from ordinary balances to a separate account the whole of the arrears of the subsidy due to His Majesty the Amir, with a view to preventing in future the disturbance of estimates and accounts which at present follows from the wide and wholly unforeseen fluctuations in his actual drawings.

### “Budget Estimate for 1911-1912.

“21. My Lord, I now turn over the leaf of another year. In laying out our financial plan of campaign for the coming twelve months, my first thought has naturally been, how far may we safely count upon a continuance of existing conditions. Is it reasonable to assume that the rains will again be timely, and the harvests fruitful; that industry and trade will extend their borders; that our international commerce will continue to develop; that the money market will be steady; and that famine, plague and war will pass by our doors? Or have we reason to fear the reverse and to temper our estimates accordingly? I confess that, in Indian budgeting, the only reasonable rule of conduct that I can see is to assume that a period of prosperity, once it is established, will continue until we have some clear warning of impending change. So far as we can scan the horizon, there is no danger signal in sight at present; and I am accordingly placing estimates before the Council which are based on the hypothesis of normal harvests, a good export season, and steady progress in our trade and industries. The resultant figures, in their simplest form, are as follows:—

Revenue	£77,927,600
Expenditure (after Provincial adjustments)	£77,183,800
<hr/>	
Surplus { Ordinary	£563,400
{ Special, from Opium	£180,400

The “Ordinary” surplus is somewhat smaller than it is our tradition to aim at; but a part of the spare revenue which would otherwise have been at our disposal has been set aside for the reception of Their Majesties in India and for the cost of the Durbar which the King-Emperor intends to hold at Delhi.

#### “Revenue.

“22. If we take our revenue figures as a whole, omitting Opium for the moment, it will be seen that we anticipate a moderate all-round advance in the classes of receipts which are directly affected by the agricultural conditions of the country. Land revenue, Salt, Excise and Irrigation all display a slight improvement over the year before; Stamps alone showing a fall, which is wholly due to the abnormal revenue that accrued this year in certain provinces from the operation of section 31 of our new Limitation Act. Our commercial departments—Railways, Posts and Telegraphs—reflect the same movement in moderation; a part of their increase being also due to the additional business which they expect from the Royal visit. I need not, however, trouble the Council with any details except in so far as they influence the Imperial section of the account. In describing the Imperial figures, both for revenue and for expenditure, I find considerable difficulty in separating the normal movements of the figures from the complicated provincial adjustments which I shall allude to shortly; and rather than weary the Council with minute reservations, I must for once sacrifice in a few of the following passages the statistical precision which has always been the pride of these annual Statements.

“23. Our total Imperial revenue is shown as being considerably below the figure which we expect in 1910-11. The decrease occurs, as you at once detect, under Opium; and I had better begin my narrative by disposing of that restless and baffling head of revenue. The difficulties of framing a satisfactory estimate for it have been extraordinary. As I explained a few minutes ago, we have promised to restrict our sales and exports in 1911 to 46,600 chests. Out of these, presumably the whole Bombay export of 15,160 chests, along with 15,440 chests of the Bengal sales, will be certified for the China market; leaving 16,000 chests for our other customers. Most of the Malwa opium has already paid its pass-duty in advance, so that for revenue purposes it is negligible. The prices which our Bengal sales for China may yield, will depend very largely on the terms of our new agreement, on any alteration in the import duties, and on any domestic measures which China may adopt for the control



and taxation of the retail use of the drug. The revenue to be obtained from our sales for other markets, or what I may call for short our 'Singapore' opium, is an entirely unknown quantity, as we have never before sold opium under the peculiar conditions which are now being imposed. The factors of calculation for the remaining nine months of 1911 are thus sufficiently puzzling; but the uncertainties become still greater when we turn to the last three months of the financial year which overflow into 1912. For we have no means of judging what our prices or our exports may be in 1912. We have to await the results of Sir Alexander Hosie's inquiry and of the negotiations now in progress at Peking. We have also to introduce, some time during the year, a new system of selecting the opium which it will be permissible to export from Bombay; the effect of the change upon our revenue is problematical, and the date of its introduction is not yet decided. This statement of the problem will indicate the difficulty of estimating. Making the best forecast we can, however, we put the probable sales of Bengal opium at 30,210 chests for the financial year, of which 10,210 will be certified for China; and we take the probable average prices at R2,500 a chest for China opium and R1,500 for Singapore opium. We also estimate that 5,338 chests of Malwa opium, which have a deferred right to priority of export in 1912, will pay us pass-duty of R800 a chest; while it is possible that 600 chests of Baroda opium will issue at the old rate of duty. Our total Opium revenue, including the usual miscellaneous items, will thus be 642 lakhs. Under the scheme of diminishing returns which I have already mentioned, we shall treat only 615 lakhs or £4,100,000 as ordinary current revenue, and whatever excess over that figure may be actually realised will be earmarked for capital and non-recurring expenditure. It is for this reason that I showed £180,400 of our budget surplus as special and separate. I hope the figure will be larger; but, so long as there is a figure at all, it will not affect our normal provision for the year.

"24. Apart from the Opium receipts, the increase in our Imperial revenue would nominally be £1,431,900. But it must be remembered that, as compared with the current year's figures, our share of the Land Revenue is improved by the absence of the special non-recurring grants which we are making to provinces in 1910-11. Furthermore a number of the heads of revenue have been upset by the new provincial adjustment; and, all things considered, I do not think I can give a closer approximation than to say that the true measure of the expected improvement in revenue is roughly £300,000. Apart from a moderate general rise in Excise and Land Revenue, due to promising agricultural conditions, this may be taken broadly as made up of an increase of £157,900 under Railways, of £179,400 under Posts and Telegraphs, of £128,800 under Salt, and of a number of minor improvements counterbalanced by a decline of £303,000 in Customs and £228,900 under Interest. It is to these heads that I shall confine the few remarks that I have to make.

"25. In our estimate of Railway earnings we have moved with what seems justifiable caution. If 1911-12 is even a moderately good year, there ought to be no serious set back. Wheat may be held up by the lower prices which are foreshadowed; and it is possible that the cotton crop may not be so plentiful as it has been this year; but the movement of jute can hardly be worse and some revival in piece-goods seems probable. Our estimates are easily upset by the fluctuations of a single great system like the North-Western Railway. But on the whole there seems no good reason why we should not secure roughly the same net receipts as in the current year, with a small addition for the Durbar traffic and the increase in open mileage. I have accepted the figure for working expenses which the Railway Board assures us is necessary to carry the extra traffic and keep the lines efficient; and for gross profits I have made a comparatively small and fairly evenly distributed addition to the probable figure of the current year. The resulting rise in net receipts is only £73,400, which I think is safe. The rest of the improvement under Railways means smaller payments of surplus profits, etc.

"26. For Salt we have been conservative in estimating the actual consumption, but there is unlikely to be the same increase in sales on credit in Bengal

as overtook us this year. Postal and Telegraph receipts promise the usual improvement which accompanies trade activity. The Miscellaneous head of revenue benefits by £54,700 which the Calcutta Port Commissioners are going to pay us in April for certain Mint lands; and there are a number of smaller increases which it would be tedious to enumerate.

" 27. The only important defaulters, as I have said, are Interest and Customs. The former has been put lower in the expectation that our cash balances in London will not be so fruitful in short loans, as large payments will be required on capital account and in redemption of debt. Under Customs the decline occurs wholly in the yield of the silver duty, and represents nothing more than pure and simple caution. There is no apparent reason why prices should go up so long as China is a backward buyer; and the private imports of the current year, though we have heard a great deal about them, are by no means so high as they were even in the two previous years. Nevertheless they are believed to have been in excess of the immediate requirements of the local market, and it is understood that considerable stocks are available for next year's normal off-take. After the activity in our absorption since 1908, therefore, it seems wise to budget for a lull, and we have put our estimate of duty down to a crore of rupees. Under all the other classes of imported goods we assume a steady improvement; but I have been chary of raising the rice duties above the high record of the current year.

" 28. In discussing the yield of the new taxes which were imposed last year, I mentioned that we had been disappointed in our estimate for tobacco. The sudden rise in duties dislocated the import trade for a time, though it is possible that business would gradually have adapted itself to the new conditions. But we are informed that the rates which we selected have hit severely those particular forms of the tobacco industry in India which depend on an admixture of the foreign with the indigenous leaf. We are also doubtful whether our experiment has given us rates which are likely to combine the maximum of revenue with the minimum of hardship. It has been decided therefore to propose a reduction in the duties of about one-third all round, and a Bill to give effect to this change will be introduced to-day. On the assumption that it will become law, I have raised the yield of our tobacco duties by about 5 lakhs in the Budget.

" 29. Such then are the outstanding differences between the revenue we expect next year and that which we are collecting this year; but any one who runs his eye down the figured tables will see a number of other heads under which the Imperial share seems to have been largely increased or diminished. This is a result of the important readjustment of our Provincial settlements to which I have already alluded. It accounts for a large nominal reduction under Excise and Forests and a small nominal drop under Irrigation; with a *per contra*, though not an equivalent, adjustment of the Land Revenue which gives the Imperial account a larger and the Provincial accounts a smaller share of those receipts than formerly. On the other hand the provinces have benefited by the following grants, which have been handed over to them in the shape of a recurring increase in their share of the Land Revenue, *viz.* :—

£58,000 to the Central Provinces, the United Provinces and Bombay, for the completion of the grants which we promised in aid of the Police Commission's reforms :

£20,000 to Eastern Bengal and Assam, as an instalment of the recurring cost of the two police schemes already mentioned; and

£59,000 for the relief of municipalities and town areas from police charges in the United Provinces, and the Punjab; these being the only provinces where this concession has not yet been granted.

" Details of two other small grants will be found in the explanatory memorandum.

#### " Expenditure.

" 30. Our total proposed expenditure in 1911-12 is composed of £51,024,600 in the Imperial and £27,615,600 in the Provincial account. It is in the former figure alone that we are directly interested. As compared with our estimate of Imperial expenditure in the current year, it is ostensibly £846,900 higher;



the true increase is obscured, however, by the provincial adjustments which relieve the Imperial account of considerable expenditure—particularly under Forests—that formerly belonged to it. The real rise in Imperial expenditure is approximately £1,400,000; but I may at once ease the mind of the Council by explaining that £940,000 of this is reserved for the Royal visit next December and the ceremonials by which it will be marked. We have not yet found it possible to obtain detailed estimates for the cost of the gathering at Delhi for the Coronation Durbar, or for the military concentration which will accompany it or for a number of the minor episodes in the Royal progress. But we have provisionally entered in the Budget a sum of £633,300 for the civil and of £306,700 for the military expenditure, and I trust that the Council will not consider the figures to be higher than the people of India would wish to provide for the becoming celebration of a great historic event.

“31. The net increase in expenditure of the ordinary type is thus roughly £460,000. If we want to estimate the true normal measure of growth for the year, we should in fairness eliminate the effect of the special treatment of the Amir's subsidy in 1910-11. This would raise the figure to about £650,000, the result of a large number of minor and mostly unimportant variations. Railways account for about £265,000, composed entirely of growing interest charges; and Post and Telegraphs for about £125,000 more than covered by additional revenue from those services. Special interest attaches to a newly opened head of expenditure, which provides £120,000 as funds for protective irrigation works, over and above the amount allotted as usual from the famine insurance grant. The expansion of protective works in the past has been financed from the half million which in normal years is available from the famine grant; and up to the present the funds thus obtained have in practice been sufficient. But the time has now come when the further work which the Irrigation Department are ready to undertake would be hampered by the limitations and the uncertainty of the famine grant. Uncertainty we can never eliminate, I am afraid, as protective irrigation, like any other service which draws on our current revenues, must be prepared to take its share of short commons in bad years. But, when all is going well with us, we hope to be able to help the work from our general resources and supplement the limited provision to which it has hitherto been restricted. For next year accordingly we allot 78 lakhs, of which £400,000 appears in the famine grant and the balance outside it.

“Of the other increases in expenditure there are none that call for special mention. Taken as a whole, they are roughly counterbalanced by reductions under two heads, Army and Opium. The total military charges are shown as £181,500 in excess of the current year; but when we remember that the grants include £306,700 for the movement of troops in connection with the Royal visit, it will be seen that we anticipate a genuine net diminution in Army expenditure. The expected saving under Opium is a natural consequence of the curtailment of our Bengal sales: we have amalgamated our two agencies into one, and we shall license a considerably smaller area of poppy cultivation for the next winter.

“32. So ends my general narrative of the Budget for 1911-12. The financial outlook for the time is satisfactory. If India is blessed with favourable seasons, the provinces should be in a strong position, and the Imperial exchequer should enjoy a short breathing space before it has to face the new responsibilities that lie ahead of it. In spite of a decline of £566,700 in that part of the Opium revenue which we treat as available for general purposes, and of an estimated drop (on grounds of caution) of £303,000 in our Customs revenue, we look forward to being able to meet all the reasonable needs of the administration without undue parsimony, to provide in no ungenerous fashion for the suitable reception of the King-Emperor, and to close the year with a surplus of fully half a million sterling. I cannot say that the future is free from anxiety. Amid the cheerfulness of returning prosperity, it would be foolish to forget the lessons of the period of depression from which we have now emerged, or to close our eyes to the difficulties that are in front of us. But I trust that those difficulties will be met by a careful husbanding of our resources and by a jealous watchfulness over expenditure in good years and in bad years alike.

### “ Military Services.

“ 33. Under Military Services the expenditure for five years is shown in the following table :—

	Gross.					Net.
	Army.	Marine.	Military Works.	Special Defences.	Total.	All Military heads.
	£	£	£	£	£	£
1907-1908 . . . . .	18,647,533	485,024	1,166,943	116,287	20,415,787	19,248,354
1908-1909 . . . . .	19,177,266	476,957	967,362	29,044	20,650,629	19,602,988
1909-1910 . . . . .	18,901,181	461,157	858,342	28,604	20,249,284	19,112,323
1910-1911 (Budget) . . . . .	19,488,500	484,300	879,600	1,500	20,853,900	19,706,500
1910-1911 (Revised) . . . . .	19,225,700	475,500	919,600	9,600	20,630,400	19,456,200
1911-1912 (Budget) . . . . .	19,444,300	436,300	924,400	6,900	20,811,900	19,563,900

“ 34. When the budget for the current year was under preparation, the rates for food supplies were still at a comparatively high level, and we were faced with the necessity of providing for expenditure to the extent of £173,500 in connection with the Arms Traffic Operations in the Persian Gulf. ‘Schedule’ expenditure was placed at £482,700. By this expression I mean the provision for new schemes costing more than £3,300, a limit which brings within the Schedule all outlay on objects of a special nature such as the introduction of new armament and other major improvements in the direction of efficiency. The net budget figure for 1910-11 was eventually placed at £53,500 more than that of the previous year.

“ 35. Our estimate of the probable actuals of the current year indicates that the provision made was unduly large, and the net military expenditure of 1910-11 is now expected to be £250,300 less than the original budget estimate. Prices dropped at the beginning of the year, and the fall has been progressive. Contract rates have been more effectively controlled, and the extension of military grass farms is relieving us under the head of Compensation charges. We have thus returned to the standard of expenditure on food supplies which obtained in the year 1906-07. Ordnance charges have continued to decline, and the special provision for additional railway charges was only partly utilised. Various economies have also contributed to the anticipated saving, among which I may instance the abolition of two pony cart train cadres and of the experimental balloon section, the closing of the mounted infantry schools, and the retention of Army Head Quarters at Simla during the winter months. When reviewing the situation in November we thus found ourselves able to advise the Secretary of State that, to relieve the coming year’s budget, a portion of next year’s supply of military stores might be purchased at once, and in India we have similarly anticipated future requirements to some extent, as for example, by the purchase of transport animals the cost of which would otherwise have fallen on the estimates of 1911-12.

“ 36. Among the more important measures towards which special funds have been allotted I would mention the purchase of arms, entrenching tools and rifle carrying equipment, the reconstitution of the reserve of artillery horses, and the replacement of aged horses in British Cavalry regiments. Progress has also been made in the construction of a better type of lines for Indian Infantry and additional buildings are being proceeded with at Quetta, Jubbulpore, Ahmednagar and Risalpur to provide for the redistribution of troops.

“ 37. The Arms Traffic Operations which commenced in 1909-10 are now estimated to cost, to the end of the current year, a sum of £224,600 and for next year we have included an allotment of £133,300 for the same object. We are also in the coming year providing £306,700 for Indian military expenditure in connection with His Majesty’s visit to India. Among other items in our Schedule of special measures, for which we have allotted £602,000 in the aggregate, I would allude to the provision of £100,000 for the rearmament of a number of Field and Mountain batteries. The Schedule also includes further allotments towards the purchase of rifles and the reconstitution of the artillery reserve and to replace aged animals in the British Cavalry regiments. A substantial advance will also be made in the reconstruction of the Indian



Infantry lines which was taken in hand at the end of last year, and in the building of the new lines near Darjeeling and at Dacca.

"38. It will be seen that by making partial use of the savings obtained this year in the manner already described we have been able to provide for the exceptional outlay in connection with His Majesty's visit to India, while keeping the military budget substantially below the figure allotted in the estimates of the current year, the actual difference between the net provision for all military services in 1911-12 and that made in 1910-11 being £142,600.

### " Railways.

"39. It has become customary to bring together in this part of the Financial Statement the figures of capital expenditure on railways during the last five years and the similar estimate for 1911-12. I accordingly present the table as usual; it includes all capital outlay, whether incurred by the State or through the agency of guaranteed or assisted Companies.

	1906-1907.	1907-1908.	1908-1909.	1909-1910.	1910-1911 (Revised).	1911-1912 (Budget).
	£	£	£	£	£	£
Open lines including rolling stock . . . . .	5,948,067	7,328,000	8,532,741	6,532,441	5,724,400	6,357,400
Lines under construction—						
(a) Started in previous years .	3,526,066	3,006,800	1,366,200	1,482,962	2,197,000	2,382,600
(b) Started in current year .	176,667	...	146,130	369,291	403,700	760,000
	9,650,800	10,334,800	10,045,071	8,384,694	8,325,100	9,500,000

"40. On the 31st March 1910, the total length of open lines was 31,614·35 miles classified according to gauge as follows:—

5' 6" gauge . . . . .	16,840·96
Metre . . . . .	13,398·54
Special gauges (2' 6" and 2') . . . . .	1,874·85
TOTAL . . . . .	31,614·35

" During the current year we have added to these approximately the following mileage:—

5' 6" gauge . . . . .	410·98
Metre . . . . .	350·45
Special gauges (2' 6" and 2') . . . . .	162·84
TOTAL . . . . .	924·27

During the ensuing year it is intended to increase this length by 710·72 miles.

"41. In the current year the return on the capital at charge amounts to 4·66 per cent., as compared with 4·48 in 1909-10, 3·69 per cent. in 1908-09 and 4·75 per cent. in 1907-08. The rate of interest which we have taken for the year on the debt chargeable to railways is 3·358 per cent.

" The current year has been more favourable than last year and the traffic returns show that there will be a large improvement over the Budget estimates. The improvement is largely due to the acceptance by the railway administrations of the reasonable limitations imposed by budget provision. The grants for working expenses, etc., are likely to be smaller than the Budget estimate by £418,900. If we take the railway revenue account as a whole, and set the interest charges, the annuities and sinking fund payments, and the minor debits (cost of land, etc.), against the net earnings, we find a surplus of £1,954,400 which accrues to general revenue. Last year there was a net gain to the State of £824,900.

"42. In the Budget of next year provision has been made for an increase in the gross receipts over the current year in view of the prospects of favourable crops

and of the extra traffic expected in connection with the Coronation Durbar and from the opening of new lines and branches. Provision for working expenses has also been put up a little higher on account of improvements in permanent-way, rolling-stock and bridges. It is expected that the net surplus after providing for interest charges, which show an increase on account of growth of capital, will be £1,849,800.

### "Irrigation.

"43. The financial position of our great Irrigation undertakings may be gathered at a glance from the following table, which carries on and brings up to date the information that it has been customary to give in previous Financial Statements:—

	1907-1908.	1908-1909.	1909-1910.	1910-1911. Revised.	1911-1912. Budget.
<i>Productive Works.</i>	£	£	£	£	£
Capital outlay to end of year .	26,978,016	28,002,898	29,145,119	30,370,637	31,652,994
Direct receipts . . . . .	2,160,389	2,213,644	2,249,011	2,248,581	2,257,100
Land Revenue due to Irrigation .	1,035,088	1,084,773	1,111,158	1,188,300	1,199,367
<b>TOTAL</b> .	<b>3,195,477</b>	<b>3,298,417</b>	<b>3,360,169</b>	<b>3,436,881</b>	<b>3,456,467</b>
Working Expenses . . . . .	981,804	1,011,140	1,065,481	1,085,898	1,062,780
Interest . . . . .	905,887	930,708	960,829	1,001,851	1,045,170
<b>TOTAL</b> .	<b>1,887,691</b>	<b>1,941,848</b>	<b>2,026,310</b>	<b>2,087,749</b>	<b>2,107,950</b>
<b>NET PROFIT</b> .	<b>1,307,786</b>	<b>1,356,569</b>	<b>1,333,859</b>	<b>1,349,132</b>	<b>1,348,517</b>
<i>Protective Works.</i>					
Outlay on construction to end of year.	2,382,055	2,736,094	3,112,121	3,466,121	3,944,851
Direct receipts . . . . .	47,625	33,980	58,066	48,919	63,700
Land Revenue due to Irrigation . . . . .	5,445	6,271	6,230	11,000	11,733
<b>TOTAL</b> .	<b>53,070</b>	<b>40,251</b>	<b>64,296</b>	<b>59,919</b>	<b>75,433</b>
Working Expenses . . . . .	22,205	25,449	28,730	29,702	36,020
Interest . . . . .	75,025	86,619	97,882	110,449	124,430
<b>TOTAL</b> .	<b>97,230</b>	<b>112,068</b>	<b>126,612</b>	<b>140,151</b>	<b>160,450</b>
<b>NET LOSS</b> .	<b>44,160</b>	<b>71,817</b>	<b>62,816</b>	<b>80,232</b>	<b>85,017</b>
<i>Minor Works and Navigation.</i>					
Direct receipts . . . . .	232,045	219,334	235,691	236,300	245,200
Expenditure . . . . .	888,728	879,339	889,435	907,982	938,143
<b>NET LOSS</b> .	<b>606,683</b>	<b>660,005</b>	<b>653,744</b>	<b>671,682</b>	<b>692,943</b>

"44. On the 31st March 1910, 55,274 miles of main and branch canals and distributaries had been constructed, commanding nearly 47 million acres of culturable land, the area irrigated in 1909-10 being 21,976,846 acres. The



productive works during that year yielded a net return of 7·87 per cent. on the capital outlay of £29 millions after paying all charges exclusive of interest. The net profit to the State was £1,334,000. The Revised estimate for 1910-11 shows a net profit of £1,349,000 on productive works and a net return on capital outlay of 7·74 per cent.

“45. On the 31st March 1911 we expect to have 55,857 miles of main and branch canals and distributaries constructed to command 49,829,700 acres of culturable land. It is expected that an area of  $21\frac{3}{4}$  million acres will be irrigated during the year. In addition to the canals in operation, there are altogether 51 projects which are either under construction, awaiting sanction or being examined by the professional advisers of the Government. Of these 22 are productive and 23 protective. They are designed to irrigate 7 million acres, and 2·24 million acres, respectively, at a total capital cost of about 34 and 16 crores, respectively. The former are expected to yield a net return of 7·31 per cent. on the outlay.

“46. Although no very important works were sanctioned during the year, a number of schemes of the first magnitude have been under the consideration of the Government of India. Satisfactory progress continues to be made in the construction of the three canals comprised in the Triple canal project in the Punjab. As foreshadowed in last year's financial statement, the original estimate of cost has been seriously exceeded, the excess amounting to R254 lakhs or 32·5 per cent. over the original estimate. This large excess was due in some measure to the want of adequate provision for certain necessary requirements, but principally to a marked change in the economic conditions of the Punjab which raised the labour rate by about 50 per cent. This was due mainly to the great diminution of the population as the result of the ravages of plague, but other causes which affected the labour rate were the absorption of large numbers of the agricultural classes in tracts opened out to cultivation on the lately completed canals, and the keen demand for labour for agricultural operations, railway construction, etc. Mr. Renouf, Director of Agriculture, Punjab, who investigated the subject a year ago, came to the conclusion that the labour rate had doubled in the preceding 20 years, that the greater portion of the advance occurred in the last 10 years, and that the rise was most marked in the last 5 years of that period. The probable years of opening of the three canals are as follows :—

Upper Chenab canal	1913-14.
Upper Jhelum canal	
Lower Bari Doab canal	1914-15.

“47. The execution of the Upper Swat canal in the North-West Frontier Province is proceeding satisfactorily. The tunnel through the Malakand range of hills will be about 10,000 feet in length and some 1,430 feet have now been excavated. The drilling is effected by power derived from a hydro-electric installation on the Swat River. Irrigation will probably be commenced on completion of the tunnel on which the average rate of progress is 7 feet a day. The additional storage reservoir at Dhukwan on the Betwa canal, United Provinces, and the Shwebo canal in Burma were finished during the year. Work on the Pahari Dam on the Dhasan river, the Pahuj storage reservoir, both in the United Provinces, and the Môn canal system in Burma is far advanced.

“48. The following important projects have been received and are now before the Government of India :—

Province.	Name of project.	Estimated cost (direct and indirect).	Classification as proposed by local Government.
Madras	Cauvery reservoir project	R 3,85,00,000	} Productive.
Bombay	Sukkur Barrage	2,19,34,767	
United Provinces	Rohri Left Bank canal	4,49,75,788	
Burma	Ghaggar canal	35,04,454	
	Twante canal (Navigation canal)	72,80,973	
Central Provinces	Mahanadi canal	99,30,217	
	Weinganga canal	38,03,204	

"Of these the Twante canal scheme, which is designed to improve an important trade route in Lower Burma, has been submitted for the sanction of the Secretary of State.

"The important scheme for the introduction of perennial irrigation in Sind, of which the Sukkur Barrage will be the pivot, has already been alluded to in previous Financial Statements. The project is now being examined by the Inspector General of Irrigation.

"The Cauvery reservoir project contemplates the construction of an immense dam of dimensions not approached in any other similar work in the world. The dam will attain a maximum height of 201 feet and an average height of 113 feet. It will impound sufficient supplies to irrigate an area of 4,73,000 acres, and will bring into existence a vast artificial lake having a water spread of 58 square miles.

### "Provincial Finance.

"49. In the realms of financial administration, by far the most important event of the coming year will be a notable change in the financial relations between the Local Governments and the Government of India; and I must now ask the indulgence of the Council while I describe this change in some detail. To an audience like the present, it would be superfluous to explain how the financial powers of the Local Governments are based upon what are known as the provincial settlements. Opinions may differ as to whether our settlement system is the ideal method of dividing the public revenues of India between the central Government and the administrations of the different provinces. For good or ill, however, the settlement system is with us: it has been developed and improved by long experience; and there cannot now be any question of throwing it over and searching for some alternative means of providing the provincial Governments with the resources which are necessary for the duties entrusted to their care. It is the provincial settlement therefore that we are using as the vehicle for the important reform which I am about to describe.

"50. Dating from Lord Mayo's Viceroyalty four decades ago, the settlements for many years were quinquennial contracts, and their periodical revision was a fertile cause of friction and improvidence and waste. In 1904 Sir Edward Law succeeded in investing them with greater permanence. They were no longer to be quinquennial; and although the Government of India reserved the power of revision, that power was to be exercised only when a settlement had become unfair to the central Government or to other provinces or to the province itself, or when the Imperial Government was faced with the alternative of levying benevolences or increasing taxation. The Local Governments were thus to be given a permanent interest in the revenue and expenditure under their control. Their share of the growing revenues was to be somewhat smaller than before; but it was to be so calculated that each province separately, and all the provinces taken together, were to be placed in possession of an amount of growing revenues which should bear the same proportion to the provincial expenditure as the Imperial share of growing revenues bore to the Imperial expenditure. The Government of India, as the final authority in India responsible for its finance and administration, retained the power to alter the settlements, but would use it only in the most exceptional circumstances. The new departure, as Sir Edward Baker said with permissible pride in describing it, was fraught with important and far-reaching consequences. Of these consequences one of the most important, as we can now see, was the impossibility of standing still, the certainty of further development. In a minute which Sir Edward Law recorded at the time, he wrote:—

'I am in full sympathy with the principle of encouraging the financial independence of local Governments. The arrangements now made will tend in the right direction; we are perhaps taking as big a step as is for the moment prudent, but I am convinced that we are still a long way from having attained all our desirable results. The whole question will, I anticipate, come up again in a few years, and we may fairly hope that when it does, another considerable advance will be made towards the desired goal.'

"The prophecy has come true; and it is the further step which my predecessor foresaw that we are now taking.



" 51. A critic of our financial history would find some grounds for questioning the permanency of the status which was conferred on our settlements seven years ago. The new series of *quasi*-permanent settlements was concluded, except for Eastern Bengal and Assam, in 1907; but almost before the work was finished, a complete revision was found necessary for the United Provinces and a substantial readjustment took place in Madras. Large subsidies had to be made to several provinces; in some cases, it is true, as a sequel of famine, but in others with no such justification. Burma has suffered considerable, though I hope temporary, inconvenience under its new settlement: Bengal has come to the verge of bankruptcy: and even from some of the more fortunate provinces hints have not been wanting that greater Imperial generosity is expected. It would sometimes seem as if permanency were a misnomer, and the contractual liability imposed by the settlements had been forgotten. My own view is that, although the settlement obligations might at times have been more rigorously enforced, this period of trial and transmission has been of great value to us. It has enabled us to test the different settlements thoroughly to find out their weak points, and to estimate the conditions requisite for genuine permanence. When the time came therefore for us to take up the whole question on a review of the Decentralization Commission's report, we were in a position, especially after full consultation with the local Governments, to lay before the Secretary of State, with some confidence, our conclusions as to the defects in the existing settlement system and their appropriate remedies. The Secretary of State has now accepted our recommendations, and I am thus able to place before the Council the general scheme of the new arrangements.

" 52. The financial settlement with each of the eight major provinces will in future be permanent. Widespread famine, whose periodical visits still defeat all our calculations, will have to be met, when necessary, by special arrangements for the succour of a distressed province from Imperial funds; and on the other hand the Government of India may at times be compelled to call on the provinces for assistance in case of a great war or in a grave financial crisis. Apart from these wholly special emergencies, however, the settlements will be fixed rigid and permanent. How far they will thereby differ from the existing arrangements, may best be described by showing what we mean the permanent settlements to imply in our dealings with provincial finances and budgets.

" In the first place, we intend that a province shall not in future budget for a deficit in its current revenue and expenditure, unless it satisfies us that the excess expenditure is due to a wholly exceptional and non-recurring cause and also, if the deficit involves a reduction of the provincial balance below the prescribed minimum, that suitable arrangements will be made for the restoration of the minimum. It will not therefore be permissible for a local Government in future to run through its balances, build up a heavy overdraft on the general balances of India, and then have to be set on its feet again by Imperial benefactions. If for any special and temporary reason a local Government has exhausted its own balances and receives permission to overdraw, it will have to take a short loan from the Imperial exchequer and pay interest on it. If in the last resort a province finds it impossible to keep its growing needs within the resources provided by its settlement, it may have to consider the propriety of raising special provincial taxation. I am far from suggesting that further taxation is a desirable thing; but it may be better for India as a whole that a province should tax itself than that it should live on its neighbours.

" 53. These are the more restrictive consequences which a permanent financial settlement will carry with it. But the advantages will not all be on one side. The settlements will not debar the provinces from sharing in any surplus which the Government of India may be in a position to distribute in a good year. Moreover the Government of India undertake that, when the fixed assignment of a province under its settlement becomes unduly high, it will ordinarily be converted, in whole or in part, into a share of growing revenue as soon as the state of the Imperial finances permits. Finally we shall no longer consider it necessary to exercise

the same minute control over the budgetary arrangements of the provinces as has been the practice in the past. Our intervention and corrections will be confined to the total revenue and expenditure in the local Government's estimates, and the figures of the few major heads in which the Imperial exchequer has a share.

" 54. Such then will be the characteristics of our settlements in future, and it is on these lines that the responsibility of each local Government for its own finances will be determined. Before starting the settlement system, however, on its new career, we considered it our imperative duty to overhaul the existing settlements thoroughly. This has been a most laborious task. Some of them have been the subject of complaint; and one or two of them have been working under unquestionable difficulties. A systematic review of them all was demanded, no less in courtesy to the local Governments than by our desire that the new arrangements shall be a success, and by our anxiety to relegate to the past whatever friction and discontent have been generated in our financial relations with the provinces. We have therefore subjected to the closest examination the position of each province and the history and antecedents of its current settlement. Our conclusions may be very briefly stated. In five out of the eight major provinces, the settlements have worked in a manner that indicates no flaws in the general lines upon which they were conceived. In Eastern Bengal and Assam, the settlement is new and almost untried; but we have no misgivings as to its success. In one province, Burma, there has been much inconvenience due to an over-estimate of its resources, which is now being slowly rectified. In the eighth province, Bengal, a settlement which began under the most favourable auspices has had a gloomy and troubled career. In its earlier days, large balances were eaten up by hasty and imperfectly considered increases in recurring expenditure; and when the present Lieutenant-Governor sought to apply the methods of ordinary financial caution, his economies were in a great measure defeated by the effects of high prices and the costly campaign against crime.

" 55. Brief though it necessarily is, this summary indicates that the defects in our present settlements are individual and not universal; and indeed the only generic fault in the system is the unwieldy size that has been attained by the fixed cash assignments in most of the provinces. To rectify this, to relieve those provinces where the financial position is now unsatisfactory, and to base the permanent settlements on a broad and stable foundation, has been the object of the changes and re-adjustments which are fully narrated in the Financial Secretary's explanatory memorandum.

" 56. From a purely financial point of view, the immediate effect of these changes is to convert fixed assignments amounting to the imposing figure of  $3\frac{1}{2}$  crores a year into growing revenue. In this way the normal annual growth of its resources in each province is brought much closer to the normal ratio of growth in its expenditure than has been possible in the past. It will now be the task of the Local Governments to see that these all-important ratios are kept in steady equilibrium; for otherwise no settlement devised by the mind of man can save them from ultimate bankruptcy. It is not only by its immediate financial results, however, that the scheme that I have just been describing must be judged. It will also, I trust, be a measure of real decentralization and administrative reform. It will give Local Governments a more abiding interest in managing and directing their own resources; it will greatly reduce the occasions for interference by the Central Government; and it will stimulate provincial independence and self-reliance. To the Government of India also it ought to mean much. It will relieve us from the unforeseen and indeterminate liability to which the Imperial revenues were formerly exposed by the financial difficulties of any individual province. To that extent it frees our hands for the closer regulation of our Imperial expenditure; and it enables us to lay down the lines of a consistent financial policy for the future. It marks a forward stage in the development of a political theory which has been steadily pursued for the last forty years. But it implies something more than theory: for I believe that the new arrangements will be found to be liberal by the provinces and I regard them as necessary in justice to ourselves and to the general taxpayer of India.



### “ Way and Means.

“ 57. In last year's Financial Statement I described the constitution of our cash balances and the work that is thrown upon them. I need not repeat it all to-day. It was also explained that, apart from the ordinary domestic treasury business of the year, our chief transactions during 1910-11 were expected to be, that we should raise a loan of  $1\frac{1}{2}$  crores in India and remit £15,500,000 to the Secretary of State in payment of Council bills; and that the Secretary of State would renew the whole outstanding £6,000,000 of India bills, raise further temporary debt in London to pay off the Indian Midland Railway's capital stock of £2,250,000; and complete the purchase of that concern by taking over the liability for its debentures. It was estimated that our closing balances would then be approximately 18·70 crores in India and  $6\frac{1}{2}$  millions in London.

“ 58. Here also, as in our Révenue account, the actual position has turned out much better than our forecast. We floated our small rupee loan last July at the favourable rate of a fraction over 96. The Secretary of State carried through the purchase of the Indian Midland Railway and raised, partly for that purpose and partly for future use, £4,000,000 in India bonds, under promise to redeem them by annual drawings in eight instalments beginning from 1911-12. He has also reduced his floating sterling debt from 6 to 5 millions. Owing to the general strengthening of our resources, we count on remitting to England, from our treasury balances alone, no less than £23,500,000 in Council bills; and we expect to close the year with roughly  $18\frac{1}{2}$  crores in our Indian account and 17 millions in London. So that our position at the beginning of next year will be unusually favourable. The high sterling balances maintained during the year explain the large interest receipts to which I have already referred.

“ 59. On the 1st of next April we estimate that our available cash balances, excluding the liquid gold held on behalf of the Gold Standard Reserve, will be £27,840,800 in India and England together. During the year the chief demands upon them will be as follows. The excess of current expenditure over current revenue, which is the net result of an Imperial surplus of £743,800 and Provincial deficits of £1,456,400, will be £712,600. The capital expenditure under our sanctioned Railway programme for the year will be £9,500,000, while for productive Irrigation it will be £1,266,700. The redemption of Madras Railway and Indian Midland Railway debentures, which fall in during the year, will absorb £1,776,200. The first drawings of the 1910 Bonds will require £500,000, and it is proposed to withdraw £500,000 of India Bills, thus reducing our floating debt to  $4\frac{1}{2}$  millions. To meet these requirements, we expect that £1,123,300 will be the available surplus of the net unfunded debt—service funds and savings bank deposits, etc.—in India, and £188,500 will be the net credit under a variety of deposit and remittance heads. The ample cash balances will be drawn upon to the extent of about £7,015,400; and the balance of our requirements, or £5,928,300, will be raised by borrowing, *viz.* :—£1,333,300 or 2 crores which will be the amount of our ordinary rupee loan in India, and £4,595,000 which the Secretary of State will float, partly on his own account and partly through Railway Companies. The closing balances will thus be  $18\frac{3}{4}$  crores in India and £8,322,200 in England exclusive of liquid gold held on behalf of the Gold Standard Reserve. The sterling balance is considerably higher than is usually required; but it includes a large part of our excess Opium receipts which will be kept in hand for the redemption of temporary debt at suitable opportunities.

“ 60. During the current year the Secretary of State has ‘ earmarked ’ £2,545,000 in London against the payment of bills from the Paper Currency Reserve silver in India. He will also invest £600,000 in gold securities on behalf of the Gold Standard Reserve from the proceeds of bills which we shall meet by drawing 90 lakhs from the silver branch of that reserve in India.

“ 61. In 1911-1912 it is the intention of the Secretary of State to draw bills upon our Indian Treasury to the amount of £15,825,000. As usual, he will sell additional bills so far as our resources may permit, if there is an effective

trade demand for them. The foregoing announcements about loans and drawings are subject to the invariable reservations; the Secretary of State and the Government of India having full discretion to vary the amounts mentioned above in any way and to any extent that may be thought advisable.

### **“Exchange and Currency.**

“62. In Exchange matters, the fortunate year is that which has no history; and such has been the case with 1910-11. The rate has been strong and reasonably steady throughout. After the enormous sales of Council bills at the end of last year, and the continued heavy demand through April, it was not unnatural that there should be a certain re-action; and some slackening did take place in May and June. But it was only for a few days that the rate touched gold point, and there was never any anxiety. To the student of our trade statistics, this gratifying stability will require little explanation; for at no time during the year has the balance of trade been otherwise than heavily in our favour. During the first quarter, from April to June 1910, the excess of our exports was strikingly high. The import trade was strong though not abnormal, except perhaps for the heavy arrivals of gold: but it was completely overshadowed by the exceptionally large exports, particularly of rice, seeds, and high-priced cotton. The total balance in our favour for the three months reached the unprecedentedly high figure of  $22\frac{1}{2}$  crores. In the second quarter, July to September 1910, the balance steadied down, as it always does at that season. The import of piece-goods increased notably, and large supplies of sugar arrived: but the shipments of gold grew easier; and on the other hand the export of rice, wheat, cotton and seeds continued very steady. In each of the three months the balance was favourable, and for the quarter the excess of exports was  $7\frac{1}{2}$  crores. The third quarter of the year, October to December, was a little weaker. Piece-goods continued active, large quantities of sugar came in, and there were heavy imports of gold; while the outward trade sagged a little in jute though it continued moderately firm for rice, cotton, wheat and seeds. The balance for the quarter was  $5\frac{1}{2}$  crores in India's favour. The satisfactory promise of the rice crop, and the high prices ruling for cotton and opium, suggest that the present quarter will be about as good as were the three opening months of 1910; and the active demand for Council bills at the moment points in the same direction. If this expectation is realised, the year will have a remarkable record. Even in the first three quarters, as we have seen, the exports have exceeded the imports in value by  $35\frac{1}{2}$  crores, a figure which has never been approached in the same period before; and the result naturally has been a strong and favourable exchange.

“63. It cannot have escaped the attention of those who are interested in such matters that, although the balance of trade in our favour between April and December 1910 was about 8 crores higher than in the same periods of 1905 and 1906, the amount of Council bills sold was considerably smaller. In spite of the many and obvious reservations with which it must be applied, the connection between the Secretary of State's drawings and the balance of India's private trade is a law of obvious generality. When therefore we find the balance to be  $35\frac{1}{2}$  crores in our favour during a period in which the Council have sold bills for only  $25\frac{1}{4}$  crores there is clearly some indication of a change in the ordinary routine of our external finance. There has no doubt been slackness in the money market owing in part to the year's requirements having been somewhat freely discounted by the unusually heavy remittances last March. But other causes must have been at work, and if the movement is not a merely temporary phenomenon its development may be full of interest.

“64. Another remarkable feature of our trade requirements this year has been the striking economy in the use of our rupees. In previous years when our exports were being financed by heavy Council drawings and imports of sovereigns, the absorption of rupees was correspondingly high. In the last three years of normal exchange, for example, *viz.*, 1905, 1906 and 1909, the net loss of rupees from our Currency Reserve between April and December was 10 crores, 13 crores and 9 crores respectively. Between April and



December 1910, so far from a large absorption, there has actually been a small net return of rupees from circulation. This entire reversal of the usual order of things has left us in an infinitely stronger silver position than the ordinary student of our financial system could ever have anticipated; and I fear that it has been a grievous disappointment to those interests in the market which calculated on the Government of India being speedily compelled to resume the coinage of rupees on an extensive scale.

"65. Closely associated with this unexpected strength in our currency reserve are two other notable features in the year's finance; and with a few remarks on them I shall bring my speech to a close. The first is the relatively small import of sovereigns as compared with the gold bullion which has been coming into the country. During the first nine months of the year the total imports of gold in all forms was close on £10 millions in value, out of which less than £3 millions were in coin. Under conditions which we had come to regard as normal, virtually the whole of these £3 millions would have been presented at our Currency offices and treasuries, and exchanged for rupees. As a fact, the greater share of it does not appear to have come to us either directly or indirectly; and it is believed to have passed straight into consumption. Combining this with the heavy absorption of gold bullion, I think we may assume that a change, slow it may be but of no small economic moment, is coming over the savings of the people. It is unsafe to speculate how far the coined gold which we import is working into active circulation; but that a large quantity of hitherto inert silver currency has been brought into use during the last year or so, seems incontestable, and to that extent the necessity for further additions to our coinage from new silver has been averted.

"66. The other point to which I wish to allude briefly is one that lends itself to more definite treatment. I refer to the gratifying increase in the use of our currency notes. I will give the net total of our paper circulation, for the last five years, after eliminating the holdings in our Reserve treasuries and in the balances at the head offices of the Presidency Banks:—

<i>Net Circulation in crores.</i>	1906-1907.	1907-1908.	1908-1909.	1909-1910.	1910-1911 (Ten months).
Average . . . .	35·92	36·47	34·84	38·88	40·35
Maximum . . . .	38·89	38·14	36·85	42·66	41·96
Minimum . . . .	33·08	34·91	32·88	36·07	38·52

"The steady upward march of these figures, barely checked by the serious depression of 1908, inspires me with considerable hope for the better organization of our currency and, may I say, of indigenous capital generally. Our new universal notes have, I believe, contributed materially to the growing popularity of our paper currency; some minor defects in their form, which have been brought to our notice, will shortly be removed; and the further extension of their use is being carefully considered. Meanwhile, the growth in the true circulation is so steady and assured that we now think it would be prudent to increase the fiduciary share in it, or in other words to enlarge that portion of the Currency Reserve which is held invested and not in actual coin. I hope therefore to introduce a Bill next week, which, if it becomes law, will enable us to raise the amount of securities included in the Reserve from 12 to 14 crores.

### "Conclusion.

"67. In many respects the past financial year has been more akin to a normal year than any since I have been in India. We have been blessed with a bounteous harvest, peace has not been broken, trade has shown appreciable recuperation, financial returns have been good and, better than all, the dark cloud of internal trouble has lifted. We have much to be thankful for and we may reasonably anticipate in the coming year a continuance of divine favour.

"The one cause for anxiety is the heavy loss of income which at no distant date we shall have to face through the loss of our opium revenue. I have no desire to dwell on the bitter controversy which in the past has raged around the opium traffic. We have accepted and we are loyally carrying out a policy which subordinates financial to ethical considerations. The Indian people will be called upon to make sacrifices in the interest of humanity. They are a sensitive and a sympathetic race inspired by lofty ideals and I dare prophesy that they will not shrink from bearing their share of the burden since it will contribute to the uplifting of a sister nation."

The remaining portion of Part VI will be published later in the day.

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Please add to Part VI, *Gazette of India*, March 4, 1911.

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clause should be introduced in the English Statute, as has been done in other  
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“My Lord, it is only a very short time since the Statute was passed and  
still it is conceded by the opponents of the measure that in consequence of  
this section there have been several industries introduced into the United  
Kingdom by foreigners owning British patents and starting manufactures

## INDIAN TARIFF (AMENDMENT) BILL.

The Hon'ble SIR GUY FLEETWOOD WILSON: "In accordance with what I said on the Budget, I beg leave to introduce a Bill to amend the Indian Tariff Act, 1894."

The motion was put and agreed to.

The Hon'ble SIR GUY FLEETWOOD WILSON: "My Lord, I beg to introduce the Bill and also to move that the Bill be published in English in the *Gazette of India*."

The motion was put and agreed to.

## PATENTS AND DESIGNS BILL.

The Hon'ble MR. ROBERTSON: "My Lord, I beg to move that the Report of the Select Committee on the Bill to amend the law relating to the protection of Inventions and Designs be taken into consideration. The object of the Bill has been on a previous occasion fully stated before the Council, and when presenting the Report of the Select Committee I made reference to the principal alterations made in the Bill by the Committee. No further suggestions of any kind have been received for the amendment of the Bill and it may now be taken into consideration."

The Hon'ble MR. SUBBA RAO: "My Lord, it is a matter of congratulation that the Bill has been brought into line with section 27 of the English Statute relating to patents, and I may be permitted to say that the entire credit for bringing it into line with the English Statute is due to the Hon'ble Mr. Robertson who is in charge of the Bill. All the more so, my Lord, as at the meeting of the 3rd January last, when the Bill was referred to the Select Committee, the Hon'ble Member held out no hope that the Bill would be amended in the direction indicated."

"My Lord, the question was not without difficulty. When section 27 of the English Statute was enacted, it was passed not without opposition. There was a body of opinion that predicted that if such a clause were introduced it would retard the industrial development of the country—it foretold all kinds of evil to British prosperity. The lead was taken by the Association of Patent Agents in England, and since the passing of the Act that Association has been strenuous in its endeavours to get the section modified or repealed. It urged that before revocation were granted the applicant, that is the person who applies for the revocation of the patent, should prove that, 'he had applied for a license to manufacture in the country and had been refused, or that unreasonable terms had been proposed.' Recently, at a meeting of the Congress of the International Association for the protection of Industrial Property held at Nancy in October 1909, a resolution was passed to the effect that 'forfeiture should not be pronounced when the patentee can prove that he has sent to the manufacturers likely to be interested in the patent offers of a license on reasonable terms which they have not accepted.' Such are the endeavours which are being made even now to have section 27 of the English Statute amended."

"On the other hand, there was a large body of influential opinion for the enactment of such a clause. A deputation waited on Mr. Lloyd George, with representatives of more than a hundred Chambers of Commerce in the United Kingdom, and a large number of Members of Parliament, representatives of various industrial associations and of the operative classes. All these waited upon Mr. Lloyd George and urged that this compulsory working clause should be introduced in the English Statute, as has been done in other countries. After weighing all the arguments—*pro* and *con*—Mr. Lloyd George came to the conclusion that the clause would encourage British invention and promote British industry and that it would prevent the Patent laws from being used for the suppression of British industrial development."

"My Lord, it is only a very short time since the Statute was passed and still it is conceded by the opponents of the measure that in consequence of this section there have been several industries introduced into the United Kingdom by foreigners owning British patents and starting manufactures



there. In the long address recently delivered by Mr. Imray as the President of the Patent Agents' Association, he pointed out that 'in Australia and India, two of the most important British Colonies, they are actually introducing similar provisions to those contained in the Act of 1907, which will affect British manufacturers more than foreign manufacturers, because British subjects apply for more patents in the Colonies than do foreign subjects.' This gives us some clue to the nature of the opposition raised to section 27 of the English Statute. Taking all these conflicting opinions into consideration, the present section—section 23—has been very carefully drafted, and the safeguards laid down in the Bill before a patent is revoked are these:—

'that the applicant is prepared and is in a position to manufacture or carry on the patented article or process in British India ;

and that the patentee refuses to grant a license on reasonable terms.'

"In other words the conditions laid down go to meet the views of those who are opposed to section 27 of the English Statute. I heartily congratulate, therefore, the Hon'ble Member in charge of the Bill for introducing this section in the present Bill.

"I must confess, my Lord, that I am not equally fortunate in regard to suggestion that I have made, *viz.*, that the Governor General in Council should be relieved of the duties that are sought to be imposed upon him under the Bill. However, as the patent business in this country is still in its infancy, not much hardship would likely be caused by the duties being undertaken by the Governor General in Council, as is proposed in the Bill. But I daresay that as the business grows larger it will be found more convenient and just that the duties proposed to be laid on the Governor General in Council should be transferred to the law officers or to the High Court, as is done in England.

"With these remarks, my Lord, I heartily support the measure that is proposed to be passed into law to-day."

The Hon'ble MR. MADGE: "As one of those who advocated the introduction of the revocation clause, I would not merely thank the Hon'ble Member for having done so, but also congratulate him on the excellent precautions that have been taken in section 23 to meet all the possible abuses that might have crept in in consequence of that section."

The motion was put and agreed to.

The Hon'ble MR. ROBERTSON moved that the Bill, as amended, be passed.

The motion was put and agreed to.

#### CRIMINAL TRIBES BILL.

The Hon'ble MR. JENKINS: "My Lord, I move that the Report of the Select Committee on the Bill to amend the law relating to the registration, surveillance and control of Criminal Tribes be taken into consideration. When I presented the Report of the Select Committee I explained all the alterations that had been made, and I have nothing further to say on the subject."

The Hon'ble LIEUTENANT MALIK UMAR HAYAT KHAN: "My Lord, having served on the Select Committee of this Bill, I want to offer a few remarks. There are so many criminal tribes which I know of and also their movements that I venture to say with some confidence that this Bill will be a great improvement on the previous one.

"Many of my suggestions along with those of others, as will be seen from the Report of the Select Committee, have been already embodied in the Bill as it now stands. I intended to move an amendment relating to members of secret societies and of linked 'gangs' of cattle-lifters. My object in thinking of moving such an amendment was to bring under the provisions of this Bill two classes which are far more dangerous and mischievous than any other that could possibly be imagined under the Criminal Tribes Act.

"As the anti-British propaganda is now on foot, there are many societies which have been formed with the common object of committing violence or murder, as unfortunately happened only the other day, or of wandering in

military lines or elsewhere in the country to preach sedition. As these have got a common object, they can easily be termed 'gangs,' and as the offences are non-bailable, their members can easily be brought under the provisions of sections 2 and 3 of the Bill.

"I intended to move the addition of a separate sub-section only with a view to make it clearer and more forcible; but as it is already covered by the Bill, I have not put forward the amendment.

"As to the linked 'gangs' of cattle-lifters, though the members composing them do not make up a 'gang' in a single district, all of them taken collectively in the different districts do make up a 'gang' under this Bill. They are so organised that they can send livestock, for instance, from Bikanir State to Dera Ismail Khan, or *vice versa*, a distance of hundreds of miles. This makes it impossible for the real owners and the authorities to cope satisfactorily with such criminals. The way in which the system is run is called *Russa system*. Supposing there are four districts side by side, each, say, sixty miles broad. Then there need be only three men in each district linked together and living apart from one another at a distance of 20 miles to carry cattle to 200 miles from the place from which they are originally lifted. Things which fall into one man's hands are taken by him to a distance of 20 miles to the second man, the second man takes them to the third, and the third man farther on to another district, and so on. This acts automatically like the relays for a mail carriage. The cattle-lifters do it so effectively that the owners have given up all faith in the police and do not report cattle-thefts to the police-stations; but rather go to the same cattle-lifters to ask for the stolen property, who generally, by taking considerable sums of money, return it to them. Now, my Lord, these three persons in a district, living 20 miles apart from one another, may not be termed a 'gang'; but if all the persons so linked in the different districts are taken together, they are surely a 'gang' under the provisions of this Bill. Thus such men also are members of criminal tribes under sections 2 and 3 of the Bill. I intended to separate them from the rest in order to make the matter perfectly clear. But as it is already there and especially because I have been assured by the Legislative Department that members of secret societies and of 'gangs' of cattle-lifters can be efficiently dealt with under the Bill, I have refrained from putting forward any amendment. And I have made these remarks with a view to invite the particular attention of Magistrates to this matter and in order that it may remain on the record.

"Some of the Magistrates who administer the law cannot, owing to stress of work, always go through the Objects and Reasons along with the speeches on a Bill so as to be able to understand the real object of that law, and are thus now and then apt to make mistakes. If, therefore, a point is made quite clear by a speech, it will never do any harm, but on the contrary, is certain to do good.

"The one thing that I am particularly glad to notice is that though this Bill is not directly intended for one of the purposes, yet it will do an immense amount of good in that particular direction. What I mean to say is that when these tribes are restricted to a particular area and cannot earn their living in the criminal ways they have hitherto been following, they will be obliged either to become regular labourers or to join the ranks of agriculturists and help them in their work. Of both of these things we are greatly in need.

"With regard to the young boys belonging to criminal tribes, as I have already urged in the Select Committee, all these boys, to whatever reformatory, etc., etc., they are sent, should be brought up, till they attain their majority, in the respective religions in which they have been born. I have no doubt that this will be carefully observed.

"Many discretionary powers, which now vest in the Governor General in Council, could have well been left to Local Governments. The present system, I am afraid, will entail some waste of time of the highest authority.

"I should have also liked, my Lord, to add to section 24 (b) the words 'any other non-bailable offence' after the word 'robbery' in order to give



a wider scope to the section, knowing that there are many offences worse than robbery. But, as I gave no notice of this amendment, it only rests with the Hon'ble Member in charge to add this if he thinks it will be an improvement. I asked, my Lord, while in Select Committee, to change the words 'Queen's coin' into 'King's coin' or to use both the expressions. It is an ordinary matter; but, if there is nothing illegal about my suggestion, I would still urge that the alteration proposed by me should be made.

"In conclusion, I would urge that in exercise of their powers under this law Magistrates should be sufficiently lenient towards landholders or headmen who sometimes fail to report about the members of criminal tribes and their movements. It is very easy for these people to disguise themselves or escape observation, and much harm will not be done in showing leniency if it is seen that the failure to report has not been intentional.

"With these few remarks, my Lord, I beg to say that this Bill be passed, even if my few suggestions are not accepted."

"The motion was put and agreed to.

"The Hon'ble MR. JENKINS moved that the Bill, as amended, be passed.

The Hon'ble MR. GOKHALE: "My Lord, I had no intention of speaking to this motion, but certain remarks that have been made by the Hon'ble Lieutenant Umar Hayat Khan cannot be allowed to pass unnoticed, and that is why I rise to offer a few observations. I am not quite sure that I have correctly understood the Hon'ble Member, but if I have, I think that he has made statements for which there is really no justification in the clauses of the Bill which we are considering. I think the Hon'ble Member said that this Criminal Tribes Bill would also cover the case of political preachers who create unrest, members of secret societies, and so forth. Now, this very question was raised in Select Committee by the Hon'ble Member. He then proposed that the Bill should be made applicable to sanyassis, members of secret societies and such others, and there was a discussion, and he was told that the clauses of the Bill were intended only for members of criminal tribes, that sanyassis were not members of such tribes, that even members of secret societies could not be described as members of criminal tribes, and that therefore the Bill could not apply to those cases. Having been told so, and the Select Committee having held that view, I am surprised that the Hon'ble Member should stand up in this Council and put the interpretation that he has put on this Bill. Of course, no one is bound to take the Hon'ble Member's law seriously, but if his statement is allowed to pass uncorrected it would create a wrong impression in the mind of the public and produce mischief; and I therefore have thought it necessary to make these few observations."

The Hon'ble MR. JENKINS: "My Lord, what the Hon'ble Mr. Gokhale said is perfectly correct. The question of the possible application or misapplication of an Act of this kind to secret societies was discussed in Select Committee and, apart altogether from the propriety of such action, there is this difficulty. Before any persons, can be registered as belonging to a criminal tribe, it is necessary to define them. You must have some definitions which will apply to every person whom you propose to class as a member of that criminal tribe. When societies are formed consisting of people of many different classes, with many different religions, it is impossible to reduce all of them to any common denominator, and for that reason it is quite impossible, even if we wished to provide for such a thing, that an Act of this nature should apply to secret societies. The same remark applies to the case of cattle-lifters which the Hon'ble Member has mentioned. In so far as they belong to distinct tribes, as they very often do both in the Punjab and in Sind, they are when necessary treated as criminal tribes; but when you have an association of cattle-lifters drawn from a large number of sources, a sort of Robin Hood gang, then of course it is quite impossible to deal with them under this Act. I think it is necessary to make this statement in order to avoid any misapprehension."

The motion was put and agreed to.

The Hon'ble MR. JENKINS moved that the Bill, as amended, be passed.

The motion was put and agreed to.

## INDIAN PORTS (AMENDMENT) BILL.

The Hon'ble MR. BUTLER:—"My Lord, I beg leave to move that the Report of the Select Committee on the Bill to amend the Indian Ports Act, 1908, be taken into consideration.

"The Report of the Select Committee is in the hands of Hon'ble Members. The provisions of the Bill have at no time been the subject of criticism, and only two small verbal corrections were made in Select Committee. They were of such a trifling character that it was not thought necessary to republish the Bill, and since the Select Committee have concluded its deliberations no further suggestions have been made. I have therefore nothing more to say."

The motion was put and agreed to.

The Hon'ble MR. BUTLER moved that the Bill, as amended, be passed.

The motion was put and agreed to.

## INDIAN TRAMWAYS (AMENDMENT) BILL.

The Hon'ble SIR T. R. WYNNE:—"My Lord, I beg to move that the Report of the Select Committee on the Bill to amend the Indian Tramways Act of 1886 be taken into consideration.

"The Bill is a very short one and merely provides that the provisions of the Tramways Act of 1886 be made applicable to monorails as well as to tramways worked by electricity."

The motion was put and agreed to.

The Hon'ble SIR T. R. WYNNE moved that the Bill, as amended, be passed.

The motion was put and agreed to.

## INDIAN FACTORIES BILL.

The Hon'ble MR. CLARK: "My Lord, I rise with your permission to make a brief statement in connection with the Factories Bill. The Hon'ble Mr. Birkmyre handed in yesterday certain amendments to the Bill which he proposes to move when it comes on for its final consideration in Council towards the end of the present month. In view of the importance of those amendments and the weight attaching to any proposals put forward by the Hon'ble Mr. Birkmyre who, as Your Lordship is aware, is in a special degree the representative of the jute industry on this Council, it seems desirable that attention should be at once called to these amendments in order that before the final stage of the Bill is taken ample opportunity may be given for their consideration and criticism, not only by Hon'ble Members but also in the country at large. The text of the proposed amendments will be printed and circulated with as little delay as possible, but the importance of making them generally known, I think, justifies my taking up the time of Council for a few minutes.

"It will be remembered that certain Members of the Select Committee appointed to consider the Bill, including some of those Hon'ble Members who specially represent in this Council the interests of the great textile industries, attached to their signatures to the Report a minute expressing their dissent from the clauses in the Bill relating to the restriction of the hours of work of adult male operatives in textile factories. The Hon'ble Mr. Birkmyre was among those who signed the minute of dissent and the amendments which he now puts forward contain, I presume, alternative suggestions on the part of the jute, and possibly of the other textile, industries. These suggestions are as follows:—In the Bill as it stands the hours between which a textile factory is allowed to work under clause 29 are 5-30 A.M. to 7 P.M. These hours, which are also the prescribed hours between which women and children are allowed to work, were adopted in accordance with the recommendation of the Factory Commission. The Hon'ble Mr. Birkmyre proposes that these hours should be altered to 6 o'clock in the morning and 7 o'clock in the evening, including a corresponding alteration in the hours of women and children.



Clause 21 of the Bill, it will be remembered, prescribes a compulsory half-an-hour's stoppage of all work after every six hours' working. Consequently the effect of these amendments, if I understand the proposal correctly, would be as follows:—Work would begin at 6 A.M.; there would be a stoppage at noon for the compulsory interval of half-an-hour; work would recommence at 12-30 and stop at 6-30 P.M. for the second compulsory interval of half-an-hour, which would bring the day up to 7 o'clock, after which work is not allowed. Or mills might prefer to give a full hour's interval at 12 o'clock, as some do now, or two half-hour stoppages in the course of the day, and would then be able to work up to 7 P.M. instead of stopping at 6-30. The effect of these amendments therefore would be to establish a 13-hours factory day instead of the  $13\frac{1}{2}$ -hours factory day prescribed in the Bill as it now stands. From these 13 hours, two half hours will have to be deducted under the provisions of clause 21, leaving a working day of 12 hours. The Hon'ble Mr. Birkmyre then proposes to move the omission of clauses 28 and 31, which contain the specific limitation of the hours of adult labour in textile factories.

"The Hon'ble Member also proposes an amendment to clause 32 of the Bill which provides that no child shall be employed in any textile factory for more than six hours in any one day. The Hon'ble Member proposes that the six hours should be increased to  $6\frac{1}{2}$ . Considerable objection was taken in Select Committee to the limitation of children's hours of labour to six. It was urged that the children's six-hours day would prove highly inconvenient in jute mills where the work is carried on by shifts and where the machinery will be running continuously for the whole  $13\frac{1}{2}$  hours during which, under the provisions of the Bill, women and children may be employed. The representatives of the industry pointed out that two sets of children working six hours each would cover only 12 hours instead of the full  $13\frac{1}{2}$  hours during which the mill would be running, thus necessitating the employment of a third shift to cover the remaining hour and a half. I presume that it is with a view to remove this grievance that the Hon'ble Mr. Birkmyre proposes to increase the children's hours of labour to  $6\frac{1}{2}$  hours, since two shifts of  $6\frac{1}{2}$  hours would fit in with the factory day of 13 hours which he proposes under the amendments already described.

"I hope I have made these proposals clear. If I understand them correctly, briefly summarised they amount to this: that clauses 28 and 31 providing for the direct and specific limitation to 12 hours of the working hours of adults in textile factories should be omitted, and that clause 29 should be amended so as to limit the factory day to 13 hours, instead of  $13\frac{1}{2}$  hours, beginning half an hour later than is prescribed in the Bill as it now stands. It is intended, I gather, that the compulsory half hour stoppage after every six hours working would then secure that not more than 12 hours should be worked in the day. At the same time it is proposed, presumably in order to fit in with the scheme of 13 hours in those mills that are worked by shifts, that the hours of labour of children, which would also of course begin half an hour later than is now prescribed in the Bill, should be extended from 6 to  $6\frac{1}{2}$  hours in the day. There are also certain consequential alterations which need not be mentioned here.

"It is of course impossible for the Government of India to express any opinion at the moment upon these amendments. It is unfortunate perhaps that they should have been put forward at so late a stage instead of having been submitted for consideration by the Select Committee, but they have clearly been framed in a spirit of moderation and with a genuine desire for effecting a settlement of this difficult and contentious question. Government will lose no time in obtaining the opinions of Local Governments on the subject, and they will undertake that the whole matter shall be most carefully examined before the final stage of the Bill is reached."

The Hon'ble MR. BIRKMYRE: "My Lord, with your permission I would like to say a few words chiefly with a view to explaining the late introduction of the amendments to the Factories Bill of which I have just given notice and the purport of which has been so lucidly explained by the Hon'ble Mr. Clark,

" Obviously the first thing which will strike Hon'ble Members is why those amendments were not brought forward for discussion when the Bill was before the Select Committee.

" As is well known, the most contentious point in the Bill was the question of arbitrary direct limitation of the working hours of adult males in textile factories.

" Sharing the fate of many difficult problems, the discussion of this point was postponed till the last. Needless to say many suggestions were put forward of all of which, while admitting the fact that 12 hours was a long enough day for any worker, endeavoured to overcome the objectionable legislative interference with the rights of individuals. All such suggestions proved unworkable on discussion and the solution as embodied in the amendments now handed in occurred to me too late to enable the Select Committee to consider it. As the Hon'ble Mr. Clark has said, this point has proved a difficult and contentious one, and the knowledge of how anxious the Select Committee were to arrive at a suitable compromise must be my excuse for bringing the matter up at this late stage. The Hon'ble Mr. Clark has fully explained how the adoption of those amendments will bring about an automatic limitation of 12 hours work for adult males in textile factories. The Hon'ble Member has also explained how the adoption of a maximum 6½ hour day for children will enable those mills which wish to take full advantage of a 13 hour working day to employ only two shifts of children. This would be the only practical and effective method of working children and I would also point out that it would greatly facilitate inspection. My proposals being in the nature of a compromise can only be considered as a whole and if accepted, the advantage to all labour, especially to women and children, is emphasised in the later hour of beginning work. This is a point very strongly brought out by the Factory Commission and later urged by independent sources, and is worthy of great consideration. The disadvantage to the industry which I have the honour to represent and which is the only textile industry in India working with the shift system, to any great extent, will be the curtailment of the working day by half an hour. Against this however is set off the deletion of the fixed limitation to which we have so strongly objected and the extra half an hour for children to which reference has already been made.

" I trust, My Lord, the amendments will not only receive the support of all those interested in textile factories, but also the favourable consideration and support of Government when the Bill comes up for final discussion."

#### BIRTHS, DEATHS AND MARRIAGES REGISTRATION (AMENDMENT) BILL.

The Hon'ble MR. BUTLER: "My Lord, I beg to move for leave to introduce a Bill further to amend the Births, Deaths and Marriages Registration Act, 1886. The object of this small Bill is to facilitate registration by making it less irksome. At present the law requires personal attendance to report at the registry office, but it is now proposed to dispense with personal attendance and to allow notice of births and deaths to be given in writing. The opportunity has also been taken to delegate to Local Governments certain rule-making powers at present vested in the Government of India."

The motion was put and agreed to.

The Hon'ble MR. BUTLER introduced the Bill, and moved that the Bill together with the Statement of Objects and Reasons relating thereto be published in English in the Gazette of India and in the local official Gazettes.

The motion was put and agreed to

#### INDIAN UNIVERSITIES (AMENDMENT) BILL.

The Hon'ble MR. BUTLER: "I move for leave to introduce the Bill further to amend the Indian Universities Act, 1904. This also is a small and non-contentious Bill. At the present moment, in the Allahabad University 10 Fellows can be elected either by the Senate or by the registered graduates. At



present they are actually elected by the Senate. The law does not allow them to be elected partly by the Senate and partly by registered graduates. The Bill has been framed with a view to permit this. It will then be at the discretion of the Chancellor to direct that they shall be elected either by the Senate or by the registered graduates, or partly by the Senate and partly by the registered graduates. I do not anticipate that there will be any opposition to this measure, so I will not detain the Council further."

The Hon'ble PANDIT MADAN MOHAN MALAVIYA : "My Lord, when the Universities Act was passed, the legislature provided that 10 Fellows should be elected by the Senate or by registered graduates. In the three Provinces in which Universities had been established at an earlier period than at Allahabad, *i.e.*, in Calcutta, Bombay and Madras,—registered graduates had the privilege of electing 10 Fellows of the University conferred on them by the Act. In the case of the Universities of the Punjab and Allahabad, it was provided that 10 Fellows might be elected by the Senate or by registered graduates when the Chancellor of the said Universities extended the privilege to such graduates. My Lord, the privilege was extended some time ago to the graduates of the Punjab, and the registered graduates of the Punjab elect 10 Fellows of the Senate of the University. So that of the five Universities in existence in India at present four now allow 10 Fellows to be elected by registered graduates. The graduates residing within the jurisdiction of the Allahabad University have not had the good fortune yet to have this privilege extended to them. It is no doubt in the power of the Chancellor of that University to allow 10 Fellows to be elected there also by registered graduates as has been done in the case of the Punjab. But, my Lord, in spite of several representations made by the Provincial Conferences and other bodies, it has not been the good fortune of graduates in the United Provinces to be allowed to exercise the privilege which their fellow-graduates in other Provinces do.

"The proposal which has been brought forward now seems undoubtedly to be unexceptionable, because it proposes to give us something where at present we have nothing of that privilege. That is to say, if it is permitted that the Chancellor might allow 10 of the Fellows to be elected partly by the Senate and partly by registered graduates, the graduates may have a chance of electing some of these Fellows at least. My Lord, I venture to think that I represent the views of many graduates in the United Provinces when I say that they would have preferred to wait a little longer to enable the Chancellor to be satisfied that the graduates of the United Provinces should be allowed to exercise this privilege, and to allow 10 Fellows to be elected by them, rather than to have a change made in the existing law in order to enable the Chancellor to allow less than 10 to be elected by them. They have waited for many years and they would have been content to wait a little longer in the hope that probably after a short time the privilege would be extended to them.

"I do not know, my Lord, what further to say about the Bill. It no doubt improves the chance of graduates being allowed to exercise a privilege which they do not at present exercise, but under all the circumstances of the case I cannot say that I welcome the Bill."

The motion was put and agreed to.

The Hon'ble MR. BUTLER introduced the Bill, and moved that the Bill together with the Statement of Objects and Reasons relating thereto be published in English in the Gazette of India and in the United Provinces Gazette.

The motion was put and agreed to.

#### CO-OPERATIVE SOCIETIES BILL.

The Hon'ble MR. CARLYLE : "My Lord, I beg to move for leave to introduce a Bill to amend the law relating to Co-operative Credit Societies. When Sir Denzil Ibbetson introduced the Co-operative Credit Societies Bill in October 1903, he remarked : 'I believe that it would be hard to exaggerate either the importance or the difficulty of the experiment upon which we are about to embark. I feel by no means certain of success. And if we do achieve success,

I do not expect to find in it a panacea for all the difficulties of the Indian cultivator. But I am convinced that if we can succeed in inducing him to combine with his fellows to utilise their collective credit for the benefit of each, we shall have done a great deal to lessen those difficulties and to improve his condition. At any rate, I hold it to be the bounden duty of Government to give the experiment a fair trial, and to do all that lies in its power to make it successful. But it must be remembered that success or failure lies in other hands than ours. We can do nothing of ourselves. We can offer encouragement, advice, legal facilities, and executive and financial assistance. It is for the people to decide whether they will avail themselves of our offer.' The offer has been made to the people, and by the people it has been accepted. While the present Act was under discussion in Council many fears were expressed. There was, said one Indian Member, the want of that one essential quality, namely, co-operation, which has been a prevailing defect of the Indian character from a long time and the cause of many evils. Another Member held that insistence on the principle of unlimited liability was likely to keep away from the new societies those very classes whose help and co-operation would be indispensable. This Member also held that insufficient provision was made for financial resources, and that the absence of some summary procedure to recover the debts due to societies, was likely to interfere with their success. Notwithstanding all these doubts and fears, co-operation has established its footing in India. While the movement is still in its infancy, yet it is a robust and vigorous infancy which gives great promise for the future. It has been found that the root of the matter does exist in India, and that Indians will co-operate, that unlimited liability is not a bugbear, that societies are succeeding in attracting capital, and that they have not found the absence of a summary procedure an insuperable difficulty in the way of collecting their debts.

"According to the last figures available, there are now 3,456 urban and rural societies with a membership of 226,958 persons, and with a working capital of Rs. 1,03,27,743 ; of which, I am glad to say, only Rs. 7,21,775 comes from Government. This is the result of 7 years working. In Germany there were only 1,729 Co-operative Credit Societies working in 1890, 23 years after the first Prussian Co-operative Law was passed. In Austria the co-operative movement commenced in 1873. After 17 years there was only one Raffeisen Bank for 131,000 inhabitants. Here, excluding Native States, we have already in 7 years got approximately one rural Co-operative Society to just over 70,000 people. In Italy the first rural bank was founded in 1883, and it took 24 years to bring the number up to 1,461. Seven years after the movement had commenced, there were only 44 banks. Making every allowance for differences in membership of the societies and for the fact that India has benefited by the pioneer work, specially, of Germany and Italy, and that the pioneer work has been done here by the State and not by individuals fighting against the State, yet the figures I have given testify to an extraordinarily rapid advance.

"It may be asked why, if the movement has been so successful under the existing Act, not remain content with it? My answer is that it is largely owing to the very success of the movement that a new Act is required. The success of co-operative credit societies has paved the way for co-operative societies formed for other purposes, and it is difficult to fit them into the provisions of an Act which was not intended for them. In saying this I cast no reflection on the framers of the present Act. It was deliberately resolved to limit the Act to credit societies, and the decision was a wise one, while the scheme was in the experimental stage. But now that the co-operative movement is well established, it is clear that provision must be made for co-operation not merely to borrow, but also to purchase and produce. Moreover it is essential to provide, as I will show later on, for the union of societies in larger bodies so as to secure a large measure of non-official inspection and control and to facilitate the raising of funds. Seven years' experience has brought to light many minor defects in the Act. The question of the amendment of the Act was very carefully considered before the Legislative Department undertook the drafting of this Bill.



Two annual conferences have considered what changes are needed, and Local Governments have been consulted on a rough draft of a Bill framed at the Conference of 1909.

"I will to-day only mention those points in the Bill which are of special importance. I have already touched on the need of providing for Co-operative other than merely Credit Societies, and I need say no more regarding this. Another important change relates to the classification of societies. Under the existing Act the classification of societies depends on whether or no the members of the societies are mainly agriculturists. The main division is into rural and urban societies. In a rural society not less than four-fifths of the members must be agriculturists. In an urban society not less than four-fifths of the members must be non-agriculturists; and in a rural society, save with the special consent of the Local Government, the liability of the members is unlimited. This classification was objected to at the time by many critics, notably by Mr. Wolff, and experience has shown that the critics were right. Sir Denzil Ibbetson, when introducing the Bill, pointed out that in the case of rural societies, unlimited liability was best suited to the agricultural classes to whom such societies are confined, and no doubt it is generally the case that unlimited liability is best for a society of small agriculturists, as it ensures caution in admission to membership and strict control over the manner in which loans are spent and the purposes to which they are devoted. All these considerations, however, apply with equal force in many other cases; take for instance a small society of weavers working together in one place whether in the town or in the country. Again, a rural society may consist of a number of well-to-do people who could derive great advantage from co-operating but who are not prepared to undertake unlimited liability for one another's debts. The true distinction appears to be between limited and unlimited societies. In many cases urban societies should be unlimited. In some cases there is no reason why rural societies should not be formed of limited liability.

"There is likely to be more difference of opinion regarding the provisions of section 28 of the Bill permitting of the distribution of profits on certain conditions to members of societies of unlimited liability. The distribution of profits is permitted even under the present Act, but the stringency of the provisions has been much relaxed. It will, I think, generally be recognised that the inclusion of provisions for the division of profits to the members of unlimited co-operative societies tends to bring in influences dangerous to the true co-operative spirit. We must, however, accept facts, and not insist on pushing too far our co-operative idealism. Especially in the Punjab and in Burma it has been found that the possibility of obtaining shares in a society with the prospect of ultimately participating in the profits has induced many who would not otherwise have done so to join the movement.

"The last change in the law I propose to notice—and it is one of very great importance—is that which provides for the possibility of grouping all societies into unions. I will very briefly indicate the great importance of this matter. It is not at all unlikely that it may appear to many who are not acquainted with the subject that it is for the Government to provide for the inspection of societies, and that Government might well be more liberal in its assistance in the shape of loans. In my view it is of the utmost importance to the healthy and successful development of the movement that Government interference and help should be reduced to a minimum. We have, on the whole, been very fortunate so far in securing for the development of the movement officers who have thoroughly sympathised with and who have a thorough grasp of the principles of the whole movement. But if co-operative societies develop in the future as fast as they have done in the past, and if Government control continues to be as close as it is at present, sooner or later the whole business of inspection must become departmentalised. In dealing with co-operative societies a mere knowledge of rules is useless. Mere mechanical inspection and control would destroy and not build up the co-operative spirit. It is possible to get a few officers with the necessary gifts and knowledge, but if the number of officers to be appointed were large, such special selection would ultimately become impossible; and anything in the nature of Government control by officers appointed *ex officio*, and not specially selected,

is almost bound in the long run to be injurious. On the other hand, if co-operative societies join together to form unions, each of these unions should be able to provide from among their members some men with the necessary knowledge and enthusiasm to guide those who require help. The business of the unions will be not merely to obtain funds to finance the societies belonging to them, but to see that the societies are conducted on right lines and are not endangering the stability of the whole union. Unions, such as I have described, are also essential to bring co-operative societies into touch with the money market. In many cases, the village societies attract loans locally. But more than this is required, and it is of great importance, for several reasons, that the village societies should be in touch through their unions with a larger money market. Among other reasons it is necessary to equalise the demand and supply of loanable capital at different seasons. Probably some may say, 'Why should not Government itself advance the money?' The money is safe, and it can be lent at rates which would make the transaction one from which Government would actually profit. I may at once say that personally I have no doubt that Government could lend, and lend without loss, on a very large scale. But leaving aside the fact that Government cannot take out of the hands of private persons the financing of the agriculture and petty trade of the country, were it to embark on such loans on a large scale, the advances would necessarily be made on more or less hard and fast rules. On the other hand, if societies are obliged like any one else to borrow in the open market, their creditors will exercise a very powerful, though frequently indirect, influence on the business methods of the societies and on the objects to which loans are devoted.

"I do not propose to-day to go any further into the minor details of the Bill. They will, I have no doubt, along with more important points, be carefully scrutinised at a later stage in Select Committee with the help of any criticisms we may receive after the Bill has been published."

The motion was put and agreed to.

The Hon'ble MR. CARLYLE introduced the Bill and moved that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the *Gazette of India* in English, and in the local official Gazettes in English and in such other languages as the Local Governments think fit.

The motion was put and agreed to

#### SPECIAL MARRIAGE (AMENDMENT) BILL.

The Hon'ble BABU BHUPENDRANATH BASU moved for leave to introduce a Bill to amend the Special Marriage Act, 1872. He said:—

"May it please Your Lordship—In introducing this Bill which stands in my name I shall take the liberty to place before the Council very briefly the history of the law which at present governs marriages between persons who are not married according to the orthodox rites of the religion in which they were born. I shall deal principally with the question of Hindu marriages, with which I must say at the outset I am primarily concerned: it is well known that marriage is a sacrament with the Hindus and among the higher castes of Hindu society is performed according to rituals which have in all essentials come down from the Vedic times: their very age apart from their source invests the marriage tie with a peculiar sanctity in the eyes of the Hindus. After the Vedic ages, coming down through circling centuries, these marriage rites have taken the hue, though not deeply, of the religious beliefs of the time through which they have passed, and we have now the observances of the Pauranic period intermingling with the simple rites practised by the ancient Rishis, the ancestors of the Hindu race.

"Hinduism, like other great religions of the world, has had its dissenters from time to time: the Jainas, the Buddhists, the Sikhs have had their own marriage rites, and minor sects have also adopted variations recognised in their own particular communities; but difficulties arose with the stereotyping of prevailing Hindu practices during the British period: Law Courts gave rigidity to existing



customs, and Hinduism to some extent lost its innate vitality and Hindu practices ceased to yield a quick response to changes necessitated by a change in the environments of Hindu life.

“Early in the Nineteenth century Raja Ram Mohan Roy revived in India the doctrine of the Unity of God and appealed to the sacred books of the Hindus themselves, to the Vedas and the Upanishads, for the realisation and confirmation of this high ideal of religious belief. He founded what is now known as the Brahmo Samaj of India in the year 1830, and his great personality soon attracted to it many earnest and thoughtful men from among the Hindus; for some time the members of the new sect, who called themselves Brahmos, worshippers only of Brahma or the Supreme Being, conformed to the social and religious observances of the Hindus, omitting more or less what to them seemed repugnant to the ideals of their faith. With the increase in their numbers and under the driving force of the genius of Keshub Chunder Sen, the Brahmos evolved out of the ancient rituals of Hinduism, ceremonials to suit their special needs: not only did they abandon a substantial part of the old ritual, but they went further and, disregarding the limitations of caste, introduced intermarriage in their own community. Naturally great misgivings arose as to the validity of these marriages. For many centuries the practice of intermarriage between members of different castes had ceased among the Hindus. The Brahmos obtained the opinion of a distinguished lawyer, then practising in the Calcutta High Court, Mr. Cowie, the then Advocate General, who gave it as his opinion that the marriages contracted by the Brahmos would not be looked upon as valid in a Court of law. In this state of things, the Brahmo community approached the Government of India for a marriage law which would validate their marriages, and in 1868, Sir Henry Maine, the greatest jurist who has ever held office as a Law Member of the Government of India, concurring with the opinion of Mr. Cowie, introduced a Bill which was very simple in its character. As the Christian community of India had already their own marriage registration law (14 & 15 Victoria, Chapter XL), under which they could be married without the rites of any of the Christian Churches, Sir Henry Maine excluded the Christians from his scheme, and confined it to those who objected ‘to be married in accordance with the rites of the Hindu, Mahomedan, Buddhist, Parsi or Jewish religions,’ and he laid down a few simple conditions for the validity of a marriage under his measure: these conditions were: (1) presence of the Marriage Registrar; (2) age of the husband should be above 18; (3) age of the wife above 14, and if below 18, consent of her guardian necessary; (4) parties not to be within the prohibited degrees of their own respective communities. Things in India move slowly, and by the time the opinions of Local Governments had been collected and the Bill was ripe for enactment into law, Sir Henry Maine had left the scene of his labours, and his successor, out of deference to the opposition that the Bill had evoked in certain quarters, modified the measure to some extent and introduced a limitation which I now seek to remove: this limitation is as follows, *viz.*, that the provisions of the law should only extend to those who did not profess the Christian, Jewish, Hindu, Mahomedan, Parsi, Buddhist, Sikh or Jaina religions, and a form of declaration was introduced which had to be signed by the parties contracting marriage, which made the declarant say that he or she did not profess any of the religions above-mentioned. The present law, Act III of 1872, stands with this limitation. Now, my Lord, this negation of all existing and known religions of India who seek to contract these marriages is felt to be a hardship. The Brahmos naturally object to make the sweeping declaration: many of them believe that the religion as professed by them is only a purer form of the Hindu faith, and they derive their inspiration from the sacred writings of the Hindus, the Vedas and the Upanishads. We Hindus have no quarrel with them: our religion is not confined to professions: we do not object to sects, and so long as any section of the Hindu community does not seek to break away from it, the Hindus, subject to limitations which they naturally impose for the protection of the orthodox faith, do not deny to such section the right to live as an integral part of the Hindu society. The Vaishnavas of Bengal have their own

peculiar practices and ceremonies and disregard not only the limitations of caste, but also of creed. The Muhammadans have been known in the past to embrace the Vaishnava faith. Many of them in times past have displayed a violent hostility to certain Hindu divinities: but the Vaishnavas have always been tolerated by the Hindus and treated as a part of themselves; their great teacher Gouranga is looked upon as one of the holiest of saints, and by a large and very devout section of the people as an incarnation of God himself. Hindus learnt and taught the lesson of religious toleration when the rest of the world was red with strife. 'I manifest myself to all who come to me whatever may be the path they tread' is the admonition that Srikrishna gave to his favourite disciple centuries ago, and this has largely influenced Hindu thought and opinion in matters of religious belief. But while Hindu opinion is tolerant of other faiths it is naturally sensitive to any departure from its own established code of practices; this attitude has been its great safeguard in the past, and in this view an objection may be taken to my amendment, that if carried into law it will facilitate intermarriage and lead to an eventual disruption of Hindu society. It cannot be denied that intermarriages between different Varnas were prevalent in ancient India and are recognised in Smritis and Sanhitas, which make provision for succession to inheritance by sons of wives of different degrees regulated according to the rank of their mothers: even this rule of differentiation seems to have been an innovation for the ancient lawgiver. Baudhayana lays it down generally that 'in case of competition of a son born from a wife of equal class, and of one born from a wife of a lower class, the son of the wife of lower class may take the share of the eldest, in case he be possessed of good qualities.' Manu, the great law-giver of the Hindus, sanctions the marriage of a Brahmin with women of lower degrees though he reprobates the marriage of a Brahmin with a Sudra woman, a reprobation which shows that the practice existed. Many of the non-Brahmin castes of India, some of them occupying a high position in Hindu society, are the result of mixed unions. The great sage Vyasa, the compiler of the Vedas, was the son of a fisherwoman and was himself the father of three sons, two from Kshatriya brides and one from the bed of a Sudra woman. Vijnaneswara, the great commentator of Yajnavalka, whose treatise the Mitakshara is recognised as of very high authority throughout India, says in a passage quoted in a judgment of the Madras High Court (I. L. R. 12 Madras): 'A Brahmin begets upon a Sudra, a Nishada she the Nishadi marrying a Brahmin produces a girl, who again marries a Brahmin; in this manner, the marriage of the 6th daughter produces a Brahmin. Again a Brahmin produces upon a Vaishya an Ambastha, who marrying a Brahmin bears a daughter, and these connections going on for five generations produce a Brahmin,' so that in olden times a Brahmin could be gradually evolved. Jimuta Vahana, the recognised authority on the law of inheritance in Bengal, speaks in the *Dayabhaga* of the union of a Brahmin with a Sudra woman as a venial offence and lays down, basing his opinion upon Vrihaspati and Baudhayana, the principle that the son of a Sudra wife shall have the same rights as the son of a Brahmin wife, except as to lands given to the father as a pious donation. But whatever may have been the practice in the past, for many centuries now intermarriage between different castes, except in some very rare cases sanctioned by local custom and confined to two or three castes, has been unknown, and this exclusion has gone so far as to prohibit intermarriage between different sub-sections of the same caste. There is a strong consensus of opinion in a considerable section of the Hindu community that restrictions upon intermarriage between different sub-sections of the same caste, if not between different castes, should cease. Cases of such intermarriage have taken place in the Kayastha community of Bengal, and there is a growing desire to extend the practice between sub-sections of that community inhabiting different parts of India, and in some instances between members of different castes. The parties contracting such marriages do not desire to break away from Hinduism and the Hindu tradition. They celebrate the marriages according to Hindu rites, which, though same in essentials, differ considerably in practice in different parts of India and among different castes and communities; but the validity of such marriages is not absolutely free from doubt. Mayne in



his treatise on Hindu law says 'Marriages between persons in different sub-sections of the same caste, *e.g.*, of Brahmans or Sudras, have been said to be invalid, unless sanctioned by local custom.' Raghunandan and Kamalakara, two of the latest commentators on Hindu law as prevalent in Bengal, prohibit intermarriage between different tribes upon the authority of a text in one of the minor Puranas.

"The late Mr. Justice Dwarkanath Mitter, than whom a greater exponent of Hindu law has not adorned the bench of the High Court, observed in one of his judgments (*Melaram Nudial v. Thanooram Bamun*, 9 W. R. 552) as follows:—'Domes and Harees are two distinct castes, and the question is whether marriage between a Dome Brahmin and a Haree girl is good and binding. Local custom is the only authority by which such a marriage can be sanctioned, the general Hindu law being against it.' I may mention that the Domes and Harees in Bengal belong to the lowest grade of Hindu castes and are regarded as untouchable. The Privy Council, in a Madras case affecting the status of Sudras in Madras, held that illegitimate offspring of the Sudra caste belonged to that caste and a marriage between such offspring and another member of the Sudra caste would not be invalid (13 Moore's Indian Appeals, page 141). In a later case in the Calcutta High Court another eminent Hindu lawyer, the late Sir Romesh Chander Mitter, whose attention had been called to the Privy Council judgment I have just mentioned, held that 'marriage between parties in different subdivisions of the Sudra caste is prohibited unless sanctioned by any special custom, and no presumption in favour of the validity of such a marriage can be made although long cohabitation has existed between the parties.'

"The Calcutta High Court, in a bench composed of two English Judges, in another case in which the reputed husband was a dhobi or washerman and the reputed wife a fisherwoman, both belonging to Assam, held that intermarriages between different sub-sections of the Sudra caste were valid. One would hardly think that in this state of the law, with only a judicial authority by no means unanimous that valid marriage may be contracted between sub-sections of the Sudras in Madras and of the fishermen caste in Assam, amongst both of whom illegitimacy is no bar to inheritance, it would be safe to pronounce that marriages between the sub-sections of the higher castes in India, who do not profess to be Sudras and in many instances follow the practices enjoined upon the 'twice born,' would be valid: and naturally people would hesitate to form unions the validity of which may be called into question at any time. I am aware that there is a growing opinion that such marriages must be held to be valid, but people cannot afford to marry merely upon legal opinions, however high the source may be from which they proceed: no custom has yet grown up to sanction such marriages, for a custom to be valid must be existing from time immemorial. All that I desire is that this bar which custom or want of custom has created in Hindu society should be removed.

"I do not think it is necessary to deal with the question in its aspect upon the Hindu Law of Succession: doubts have been from time to time expressed as regards the effect of a change of religion upon the status of the parties. The Calcutta High Court has lately held (*Kusum Kumari Roy v. Satya Ranjan Das*, I. L. R. 30 Calcutta) that a Brahmo father can give one of his sons in adoption to Hindu parents. The High Court of Bombay (I. L. R. 25 Bom. 551) has held that a Hindu convert to Mahomedanism can give his Hindu son in adoption to Hindu parents; and the Privy Council in a very recent appeal from the Punjab Chief Court agreed with the conclusion of that Court that a Sikh or a Hindu by becoming a Brahmo did not necessarily cease to belong to the community in which he was born: and they further agreed with the Chief Court in thinking that such lapses from orthodox practice (in matters of diet, etc.) could not have the effect of excluding from the category of Hindu in Act V of 1881 one who was born within it, and who never became otherwise separated from the religious communion in which he was born (I. L. R. 31 Cal. 11). Whatever may be the doubt: that marriage under the present Act which makes it incumbent upon a party to declare that he does not profess a particular religion, throws

upon the law of succession and his property arising from the fact that a declaration has to be made that the party belongs to one of the professed religions of India, the amendment of the law which I propose, and which dispenses with this declaration, will have no such effect, for it cannot be contended in the case of Hindus that if they intermarry according to Hindu ritual they shall cease to be Hindus. As regards those who do not desire to marry under a Hindu ritual, their position will not be worse than under the existing Act III of 1872.

"I have not dealt with the other great communities of India. As regards intermarriage the Muhammadan law is extremely liberal, the only condition being that the parties must belong to a religious faith which professes belief in the Ahle Kitab. The Muhammadans of India are not affected by the present law and the change I propose makes no difference in their case. As regards the Indian Christians, they have, as I have already stated, their Special Act, 14 & 15th Victoria, Chapter XL. The Parsis have their own law of marriage and divorce (Act XV of 1865) for marriages *inter se*, and if they do not desire to go beyond their own community, the law as it stands or the alteration I suggest will not affect them.

"My amendment is meant specially for the Hindus, and if the representatives of the other communities so desire I shall be content to limit it to Hindus alone: I do not desire to interfere with Hindu customs and practices as at present observed: all I seek is liberty to those who, while observing Hindu customs, believe that there may be room for expansion and growth in consonance with Hindu ideals, that such growth and expansion may be secured not by secession from the Hindu communion but by reversion to what made it so great in times gone by: and in this there is no violence to Hindu thought or feeling, no forcible imposition of alien and strange practices upon Hindu society. The Widow Remarriage Act has legalised the marriage of Hindu widows: orthodox Hindu society is not affected by it: just as it can avoid a convert to a foreign religion, so does it avoid, when it seems necessary, social intercourse with parties contracting marriage under the Hindu Widow Remarriage Act, and so may it, if it likes, put under its ban people who may take the benefit of the legislation that I propose and contract intermarriage according to Hindu rites between sub-sections of the same caste or different castes. Hindu society has resisted violent onslaughts in the past upon its citadel of orthodoxy as understood by itself; it is not likely to be affected until there is a great change in its sentiment and attitude towards intermarriage, and if such a change ever comes, Hindu society will remain Hindu as it is, only orthodoxy will change one of its dogmas: Hindu society was justly indignant because members of its community, however low in the social scale, were at one time destined for a separate classification; let us Hindus not drive out from our body enlightened men who would live the life of the Hindu and marry according to our rites, if in the just exercise of the liberty of conscience they extend their social horizon beyond the circle of their caste or sub-caste on lines at one time recognised by the Hindus themselves and sanctioned by their scriptures. The Lex Loci Act (XXI of 1850) has removed the disabilities of Hindu converts to other religions. Before that Act was passed it was felt doubtful as to whether, when a Hindu renounces his religion, he would be entitled to succeed to his father's inheritance; because under the Hindu system of society apostasy was deemed a ground for forfeiture. The Lex Loci Act of 1850 remedied that disability. Shall it be said that we are unwilling to remove disabilities from amongst ourselves, that we are unwilling to provide room for healthy expansion and growth? Such an attitude will be suicidal, such an attitude will seal up the genius of the Hindu race within an iron mould from which it can only escape by violence, or where it shall for ever lie cramped and immured. I hope it will not be so. I am sure it shall not be so, and in that hope and in that faith I crave liberty to introduce this Bill in this Council."

The Hon'ble the MAHARAJADHIRAJA BAHADUR of BURDWAN: "My Lord, it is rather early at this stage to make any comments on the amendment that my Hon'ble friend to my left wishes to move in Act III of 1872. Nor am I unfortunately so well versed in the Hindu Shastras as to



be able to quote like my friend off-hand the different authorities who have advocated liberty about marriages and other social customs of the Hindus. But as a Hindu I regret that such a thing should have been brought here. Have we no Brahmins and Pundits left now-a-days to decide such a question? Is British legislation to decide to alter what our old codes have laid down centuries ago as good and beneficial for us? I may say, my Lord, without any desire to run down any of the lower classes of Hindus who have now been christened as the depressed classes, that what may apply to the *Bagdies* and *Doms* according to the judgment of Justice Dwarka Nath Mitter, which my friend has quoted, cannot apply even in these advanced days of the 20th century to the Brahmins and other higher castes in India. My Lord, Babu Bhupendranath has made a very earnest appeal on behalf of the Brahmos. I may say at the outset that with the high religious ideals of the Brahmos I am at one, because they are not Brahmo ideals but the lofty ideals of the Hindu. Why I have all along objected to Brahmoism is not for the religious faith that its members profess, but because by their peculiar social customs the Brahmos have disassociated themselves from the Hindus. Had Raja Ram Mohan Roy been living today and brought an amendment that Brahmos should be classified as Hindus, probably there would not have been any opposition, for the simple reason that Raja Ram Mohan Roy never ceased to be a Hindu, for even when his dead body was taken to the funeral pyre the holy thread was found on it. The objection has arisen to the principles followed by leaders like Babu Keshub Chandra Sen and others who followed him; for they left the original line demarcated by Raja Ram Mohan Roy to save the Hindus from becoming Christians and adopted principles which could not be acceptable to Hindus. For these reasons, my Lord, I think that before this Council takes this Bill into consideration, it should seriously examine as to whether or not what appears on the surface as a simple amendment may mean shoving a dynamite cartridge into Hindu society.

"My Lord, it may easily have far-reaching effects. On the other hand, as my friend has said, the real Hindus, the real orthodox Hindus, will remain where they are. My Lord, at the present moment in this country, especially in my Province, there are many men who take a very catholic view of things, and as far as burning questions of the day like the advisability of widow-remarriage or of raising the marriageable age of girls are concerned, or about upholding and following the principle of worshipping the one God-head that the ancient Hindus laid down, I am at one with them. But, my Lord, I am not at the present moment, without giving the matter my fullest consideration, able to accept the amendment my friend has put forward in Council today. I shall, therefore, reserve my further comments on the Bill till it is brought up for consideration and discussion."

The Hon'ble LIEUTENANT MALIK UMAR HAYAT KHAN said: "My Lord, I want to say only a few words at the introduction of this Bill. By this Bill it is meant to legalise special marriages. As far as I can think, it will be something like the Anand Marriage Bill, which caused great alarm and divided the Sikhs of the old and the new schools into two camps, the effects of which to some extent still exist. I have said this by way of suggestion that as far as possible such controversial questions should be avoided. I will be the last person to attack religions like others, as it may cause heart-burning, and I will carefully avoid it.

"As far as I know all Hindu and Muhammadan marriages are already covered by their own custom and laws, and if the sect in question belongs to one of them their own declaration to be such would be sufficient. In this way it will be only a social matter. The only other reason why a new legal Act is required can be the springing up of a new sect. If that is the case, then no doubt it will be necessary to legalise their marriages. If one looks at the Anand Marriage Act carefully one comes to find that it is an Act but at the same time has not the use of an Act. It does not bind down any community unless both the parties profess to be governed by it. Generally there is no controversy. But if there be any, there is no difficulty for one party to declare that they are not governed by it. And thus the matter ends, as that party gets out of the cope of the law. I should have liked to know how many cases, since the

passing of the Anand Marriage Bill, have been decided under it. I may be wrong, but I can say with some confidence that perhaps none.

"If such a Bill is only going to excite classes and start controversy, I think it will be only waste of time to pass it into law. When any country or any sect is on the verge of reform, some are far ahead and others are far behind the mass of the people. Their points of view are different from one another, their point of agreement being something like the meeting place of the colours of the rainbow when it is difficult to decide where one begins and the other ends. Thus one definite law could not equally satisfy all. It could only be effective if in each district there was kept a register for recording the names of all persons who professed to belong to such a sect. Only then could all the disputes arising between them be easily settled under such a law. Unless such a thing is done, I do not think that the passing of it will prove useful. I would therefore suggest that this Bill should be withdrawn at this stage so as to avoid all future friction and trouble. If it is not done we can later on have many chances of discussion, and I think if it was ever passed into law it would be in such a shape that only if both the parties wanted to apply it to themselves, they could do so, but not otherwise.

"At the end I would point out that if the laws of one religion do not govern the followers of another, they should no more be enumerated among the members of the first."

The Hon'ble RAJA OF DIGHPATIA : "I have great pleasure in supporting the principles of the Bill just introduced in the Council by my Hon'ble friend, Babu Bhupendranath Basu. I believe that India does not stand today where it did in 1872 and that our ideas in every phase of life, including domestic and matrimonial, have undergone considerable modification and changes. Now-a-days we find an ever-increasing class of men in this country, particularly educated men, with advanced ideas, anxious to marry according to their lights. When they contract such marriages, the law unfortunately compels them to declare that they no more belong to the religion of their forefathers or, for the matter of that, to any religion at all. Really I do not see why a man should be obliged to forsake or abjure his religion only because he cannot marry within his caste. To compel anyone to abjure the faith of his ancestors only because he chooses to marry in an unorthodox fashion—a fashion followed by many in every civilized country in the world—would be really hard on the poor man whatever religion he may belong to, and would not be consistent with the broadened ideas of the present day. No doubt there may be some social difficulties for some time in consequence of such marriages, but these will adjust themselves if the law allows such adjustments. As for the religious question involved, I do not think there is any harm in permitting any one to marry outside the orthodox circle if he is so inclined. The law provides in every civilised country full opportunity to any one to marry whomsoever he likes without making any such declaration as the Indian Act III of 1872 requires. Is it therefore too much to ask, my Lord, to bring our law on this subject into line with that of other civilised countries? My friend the Maharaja of Burdwan, my Lord, has just said that it would be like throwing dynamite into the Hindu society; but I beg to submit that it would be just the other way, because if such amendment be passed many people will remain Hindus who otherwise would not be able to remain Hindus. With these few remarks, I beg to support the Bill introduced by the Hon'ble Babu Bhupendranath Basu."

The Hon'ble NAWAB ABDUL MAJID : "My Lord, as it has been remarked by the Hon'ble the Maharaja of Burdwan, this is not a very simple measure as it looks upon its face. It is a very important measure which will affect both Hindus and Muhammadans alike; in fact, it will affect them a great deal. My Lord, I am not an authority on any question which affects Hindu society or the Hindus themselves, but as a Muhammadan I would say that any interference with the principle of Muhammadan law and with the privileges of the people to whom the Muhammadan law is applicable at present will not be a popular measure among the Muhammadan community. The Act which my friend the Hon'ble Mr. Basu wants to repeal has a saving clause, and the



effect of that saving clause is this, that the law enacted under the Act III of 1872 will not affect the Muhammadans at all. I believe the Members of this Council are aware that the Muhammadan law is applicable at the present time to marriages among Muhammadans. If this Act is passed and that saving clause is repealed, it will in a way repeal the Muhammadan law itself, and the result will be that the Muhammadan law which applies to marriages among the Muhammadans will not be applicable to the Muhammadans, but a simple declaration under the Act, which my friend wishes to enact, will be considered quite sufficient. Other complications may arise which may be very serious and which I think ought to be brought before the Council at the present time when we have had an opportunity of studying the Act which my friend has introduced to-day. But for the present I will give an illustration. Supposing, for instance, a man who is a Muhammadan marries a Hindu woman under this Act, what would be the result? According to Muhammadan law a marriage between a Muhammadan and a Hindu is invalid at the present time, but under this Act it will be a valid marriage. Then another serious consequence will be, what will be the effect upon succession? Will the children of such a marriage be legitimate, or will they be illegitimate, and whether the children will inherit the estate of their parents or not? My Lord, I say therefore, it will be a serious matter to pass such a measure which affects—I am speaking as a Muhammadan—the Muhammadan community. My Lord, I would say that unless a fair opportunity is given for the discussion of the question and it is known what is the view of the Muhammadan community, my friend ought not to proceed with the Bill in the Council."

The Hon'ble MR. HAQUE:—"My Lord, I confess that my sympathies are entirely with the principle of the Bill introduced by my Hon'ble friend, Babu Bhupendranath Basu; but at the same time I must say that there would be some difficulty so far as the Muhammadans are concerned. Take the instance that has been given by my Hon'ble friend Nawab Abdul Majid that if a Muhammadan marries a Hindu, what would be the consequence, and by what law would the children of such marriage be governed? There is that difficulty no doubt; but I should like to remind my friend that the principle of this Bill has been followed by Muhammadans in former times. Who has not heard the name of Jodhe Bai, the wife of Jahangir and the mother of Shahjahan? There have been instances in the time of Akbar the Great and after him, where Muhammadans have married Hindu women and the issue of such marriages have been considered legitimate and have succeeded to the property of their parents. As a matter of fact we have had several Mughal Emperors whose mothers were Hindu ladies, so that the difficulties after all are not so very great as my friend thinks. My Lord, among Muhammadans marriage is no more than a civil contract and religion has nothing to do with it. The Bill is not going to be passed to-day and I think, therefore, there ought not to be any opposition to its introduction at present. Time will be given to the Muhammadans and to the whole country to look into the matter, discuss it among themselves, and when the time comes for final discussion, we shall express our mature opinion upon this Bill. So, my Lord, I for my part will certainly support my friend and give my vote to the introduction of this measure."

The Hon'ble MR. SUBBA RAO:—"My Lord, I have listened with very great interest to the eloquent exposition made by the Hon'ble member in charge of the Bill. I have not had the benefit of examining the subject from its different stand points. It is only within the last one hour that by the courtesy of the Hon'ble member I have looked at the text of the Bill. The Bill as framed by my Hon'ble friend proposes to take away the limitation that is imposed by the Special Marriage Act of 1872, the limitation being that the person who wishes to contract a marriage under the Act should not belong to any of the professed religions of the country. That is, he has to make a declaration under the Act, that he is not a Hindu, Mahomedan, Christian, Parsi, Jain, etc. My Hon'ble friend says that the Brahmos as a class are placed at a very great disadvantage under the Act, because though they profess to be Hindus by religion, they are obliged to declare that they are not Hindus. If so, it discloses a very serious state of things and

some remedy ought to be found to remove this difficulty. But that is one thing, and the Bill as framed appears to me to be quite a different thing. It is not exclusively confined to the Brahmos. By removing the restriction embodied in the Act, it embraces all classes of His Majesty's subjects within its purview. According to the Bill, Christians, Muhammadans, Parsees, Hindus, in fact all classes of people in this country, might hereafter marry under this special enactment, without conforming to the rites prescribed by their religion, and yet they would continue to be members of their religious communities. Let us therefore understand the full scope of this measure. Briefly put, it enables any professing any religion whatsoever to contract a marriage under the Act in spite of the injunctions of his religion. For instance, a Hindu may marry a Muhammadan, a Christian may marry a Hindu, a Muhammadan may marry a Parsee, a Brahmin may marry a Pariah, a Pariah may marry a Sudra, anyone may marry anyone else, and he is entitled to have his marriage registered under the Act and the issue of such a marriage becomes legitimate.

I do not know whether all the various aspects of this measure have been considered by the Hon'ble Member in charge of the Bill. Some of them are touched upon by some of the speakers who have spoken on the subject. What is the law of succession governing the family if for instance a Hindu and a Muhammadan contract a marriage under the Act? What is the law of inheritance that should apply to the descendants of a Hindu and a Christian contracting a marriage under the Act? These and other questions which appear to me most important have not been discussed by my honourable friend in asking leave of this Council. The Hon'ble the Maharajah of Burdwan has characterized the measure as revolutionary. I am afraid the bill as it is framed has far-reaching consequences and vitally affects Hindu Society as it is. I am in full sympathy with a limited measure to give facilities to Brahmos in the matter of their marriages, but the Bill as now drafted would provoke a great deal of discussion and discontent. As I have said, I have not had an opportunity of considering the different aspects of the measure, and I do not wish, therefore, to express any opinion on the Bill at this stage. But I may say, My Lord, that we should understand clearly the scope and object of this measure, before the Bill is taken up for consideration and that we should be satisfied that it is one which this Council can properly take up without causing deep discontent amongst large classes of His Majesty's subjects—discontent which every statesman would try to avoid as far as possible.

The Hon'ble MR. DADABHOY : "My Lord, my only excuse in interposing in this debate is that I am the only Parsi Member of Your Excellency's Council. If I am in a position to judge the sense of my community, I do not think they require any change in their existing marriage law, and I only refer to this matter because the Hon'ble Mr. Basu as well as my friend Mr. Subba Rao have made references to my community. But it appears to me that a discussion at this stage of the Bill is entirely inopportune and wholly unprofitable. All that my Hon'ble friend Babu Bhupendranath Basu has asked for is for leave to introduce this Bill. There may be two sides to the question, and he is entitled to be heard. He has mentioned that the present limitations 'seal up the genius of the Hindu race.' If that be so, let the public have a full opportunity of making a pronouncement on it. The Bill will be discussed in the newspapers, it will be discussed by various communities, it will be discussed by lawyers, it will be discussed by Hindu jurists, and the matter will receive very careful and adequate consideration. I think, therefore, that the Bill should not be stifled at this stage, and that every opportunity should be allowed to the Hon'ble Mover of the Bill to take the sense of the public on it. As for my community, I have already mentioned that, as far as I am aware, they do not desire any change in the marriage law. Moreover, the Bill would be in conflict with the Parsi Marriage Act of 1865 in its various aspects. I shall deal with many of the arguments advanced by my Hon'ble friend Babu Bhupendranath Basu at a later stage; but at present I submit the Council should not hesitate to permit him to introduce his Bill."



The Hon'ble MR. JENKINS: "I would follow the example of the Hon'ble Mover of the Bill and glance briefly at the history of this Act which it is proposed to amend. The Bill which finally resulted in the Act of 1872 was introduced by Sir Henry Maine in 1868. Under the guidance of Sir Fitzjames Stephen it was brought up again in Council in 1872 and was passed in the form of the present Act. Now the Bill which Sir Henry Maine introduced gave rise to a vast amount of agitation and discussion. It was very strongly opposed and ultimately had to be withdrawn. Yet the Bill which Sir Henry Maine brought forward did not go by any means as far as the amendments which the Hon'ble Babu Bhupendranath Basu has proposed, because marriage under the Bill as proposed by him was confined to natives of British India 'not professing the Christian religion and objecting to be married in accordance with the rites of the Hindu, Muhammadan, Buddhist, Parsi, or Jewish religion.' Any person marrying under that Bill would have had to declare an objection to be married under those religions. As the Hon'ble Mr. Subba Rao has pointed out, the Hon'ble Babu Bhupendranath Basu's Bill goes a very great deal further, and it makes marriage, subject to certain restrictions as to affinity and so forth free to everybody. That of course is a very serious step to take. When Sir Fitzjames Stephen took charge of the Bill he altered it very considerably, and in dealing with the Bill as it was propounded by his predecessor, he made certain remarks which I will make no apology for quoting, as I think they present the case in a form which is extremely lucid, and in words much better than any I can command. He said:—

'It appears to me that the Bill introduced by my Hon'ble friend would, by direct legislation, change very deeply the Native law upon marriage. It applies to "Natives of British India not professing the Christian religion, and objecting to be married in accordance with the rites of the Hindu, Muhammadan, Buddhist, Parsi or Jewish religion." All such marriages are declared to be valid, if they are celebrated according to a certain form provided by the Act, and upon certain conditions. These marriages would, moreover, be monogamous. The Bill, in short, would introduce the European conception of marriage into the Hindu and Muhammadan communities, and give to it, by law, a place amongst Hindu and Muhammadan institutions. I do not think it can be denied that this would be a change, whether for better or for worse. You may change by addition as well as by other forms of alteration.'

"He went on to say:—

'There is, I think, a distinction in this matter which the Bill as introduced overlooks. It is the distinction between treating Hindu law as a law binding only on those who submit to it of their own will, and treating it as a law binding on those who do submit to it only in so far as they choose to do so. It is surely one thing to say to Hindus 'you are at liberty to change your law and religion if you think proper, and you shall suffer no loss by so doing'; and quite another thing to say to them 'you are at liberty to play fast and loose with your law and religion; you shall, if you please, be at one and the same time a Hindu and not a Hindu.' By recognising the existence of the Hindu religion as a personal law on this matter of marriage, I think that we have contracted an obligation to enforce its provisions in their entirety upon those who choose to live under them, just as we have, by establishing the general principles of religious freedom, contracted a further obligation to protect anyone who chooses to leave the Hindu religion against injury for having done so, and to provide him with institutions recognised by law and suitable to his peculiar position.'

"That of course refers to the famous Lex Loci Act of 1850 which excited so much discussion. He then went on to say:—

'I think that it is hardly possible to hold other language on the subject than this "be a Hindu or not as you please; but be one thing or the other, and do not ask us to undertake the impossible task of constructing some compromise between Hinduism and non-Hinduism, which will enable you to evade the necessity of knowing your own mind."

"My Lord, I have listened with great attention to the speech of the Hon'ble Mover of the Bill, and it seems to me that the essence of his speech was that it was necessary to make some provision by which the sect called the Brahmos should be able to call themselves Hindus, when really the orthodox Hindus would not allow that they were justified in assuming that title. If that were all, the same result could be gained a great deal more easily without interfering with other communities by passing a Bill saying

that Brahmos are entitled to call themselves Hindus. After all, the people who decide these matters are the orthodox parties. It is not for the dissidents who break away from a religion or community to say whether they should still retain the name or whether they are still the same people. It is those who remain and those who hold to the old rites and the old customs who decide whether the dissidents are true members of the community or not.

"I have said so much not with a view at the present time to offering any opposition to this Bill. I wish merely to indicate what very great difficulties there are in the way and how very necessary it is that, before we proceed further, the Hon'ble Mover of the Bill should be able to assure us that he has behind him the full and almost undivided support of all the communities who are affected by it. It is a fixed principle of the Government of India not to interfere in any way whatever with the personal laws and customs of the different peoples of India unless they have strong and conclusive evidence that the change is desired by the people who are affected, and that is the policy to which I hope we shall continue to adhere.

"My Lord, the Government have decided not to oppose the motion for leave to introduce this Bill; but they reserve to themselves full liberty to oppose it or deal with it in any manner they think fit at a further stage."

The motion was put and agreed to.

The Hon'ble BABU BHUPENDRA NATH BASU introduced the Bill and moved that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the Gazette of India in English and in the local official Gazettes in English and in such other languages as the Local Governments think fit.

The motion was put and agreed to.

#### INDIAN PRESS (AMENDMENT) BILL.

The Hon'ble BABU BHUPENDRANATH BASU :—"My Lord, with regard to the next motion that stands against my name, I had intended to bring forward an amendment of the existing Press Act upon the lines which have more or less been adopted throughout India by the Government itself. I only desired that what has been the practice the Government has observed in regard to these matters should be embodied in the statute, so that the public might have an assurance that the practice would be strictly followed and enforced in every instance; and I had hoped, and I still hope, that, if necessary, there would be no opposition to the introduction of a Bill on these lines. But since coming into this Council chamber, I have received communications from friends whose advice and opinion are entitled, so far as I am concerned, to the greatest weight, that it would be undesirable at the present moment to bring forward the motion that stands in my name. Out of deference to their opinion, I crave Your Excellency's permission to withdraw the Bill, reserving the liberty, if it should be necessary, hereafter to bring it forward, subject always of course to Your Excellency's permission."

Leave was granted.

#### ADJOURNMENT OF COUNCIL.

His Excellency THE PRESIDENT : "The Council will now adjourn till Tuesday, the 7th March, when the Financial Statement will be discussed."

J. M. MACPHERSON,

*Secretary to the Government of India,  
Legislative Department.*

CALCUTTA;

*The 3rd March 1911.*



## APPENDIX A.

Statement showing the towns in British India with a population of 50,000 inhabitants and above, which are provided with filtered water supply and efficient drainage works, together with the cost of such works and the share of such cost borne by the Government.

Province.	Towns provided with water-works.	Total cost with subsequent improvements, if any.	Amount contributed by the Government.	Towns provided with drainage works.	Total cost with subsequent improvements, if any.	Amount contributed by the Government.	Towns with a population of 50,000 inhabitants and above in each Province.
		R	R		R	R	
MADRAS	(a) Madras	25,55,000	1,06,000	Madras	34,32,000 [A further outlay of R90,00,000 is anticipated.]	3,50,000	MADRAS.
(a) New special improvements to main water-supply scheme estimated to cost R23,60,000 are under execution total outlay thereon up to 31st March 1910 being R3,22,000. Further proposals to improve distributary system roughly estimated at R14,50,000 are under consideration.				Georgetown. [This is provided with open drainage.]	10,77,000	1,00,000	
(b) Up to 31st March 1910 Government have further contributed R14,00,000 for both water-supply and drainage schemes. An additional grant of R7,00,000 is provided for the current year without distinction between these two objects.							
	Madura	3,97,859	2,13,525				
	Tanjore	4,51,900	2,32,920	Kumbakonam.	1,19,345	50,000	
	Trichinopoly	8,47,801	3,20,400	[Only certain portions of this town are provided with storm-water drainage and ordinary drainage. There is no underground drainage at all.]			
(c) This scheme is under execution.	(c) Salem	9,10,535	5,00,000				
BOMBAY	Bombay	2,92,66,850	20,20,943	Bombay	1,48,22,502	50,000	BOMBAY.
	Karachi	18,26,315	...	Karachi	17,48,311	...	
	Ahmedabad.	8,28,500	...	Ahmedabad.	14,70,000	...	
				(Only half the town provided with efficient drainage works.)			
	Surat	10,00,000	...	Surat. (Only provided with storm-water drainage.)	Not known	...	

## Statement showing the towns in British India, etc.—contd.

Province.	Towns provided with water-works.	Total cost with subsequent improvements, if any.	Amount contributed by the Government.	Towns provided with drainage works.	Total cost with subsequent improvements, if any.	Amount contributed by the Government.	Towns with a population of 50,000 inhabitants and above in each Province.
BENGAL	Calcutta	R 2,22,09,784	R 10,000,00	Calcutta	R 2,14,77,698	R 6,86,436	Calcutta
	Howrah	17,28,875	48,000	Howrah	5,37,114	...	Howrah
	Bhagalpur	8,58,695	1,91,000	Patna	3,60,442	...	Patna
	Meerut	7,50,000	Government has guaranteed an income of R30,000 from cantonment; a sum of R1,47,000 has been given up to date under that guarantee and an additional R63,000 has been given for special extensions.	Farrukhabad	1,20,000	...	Gaya
United Provinces				Moradabad	4,82,000	...	Darbhanga
	Agra	16,50,000	R1,20,000 on account of special extensions. R15,000 is paid annually on account of proceeds of tolls over the Agra bridge: total amount contributed up to date in this manner is R2,56,000.	Cawnpore	11,92,000	1,00,000	Bhagalpur
				Benares	12,00,000	50,000	Saharanpur
				Mirzapur	3,00,000	25,000	Meerut
				Lucknow	12,90,000	4,00,000	Aligarh
				Aligarh	60,000		Muttra
				Fyzabad	1,00,000		Agra
				Agra	2,56,000		Farrukhabad
				Meerut			Bareilly
				Bareilly			Moradabad
				Shahjahanpur			Shahjahanpur
							Cawnpore
							Allahabad
							Benares
PUNJAB	Delhi	12,42,000	...	Multan	1,08,900	19,000	Mirzapur
	Amritsar	9,91,779	Government remitted departmental charges. (f)	Delhi	5,50,848	50,000	Gorakhpur
				Amritsar	4,05,000	...	Lucknow
	Lahore	15,50,000	1,00,000	Lahore	2,22,000	66,000	Fyzabad
(f) These towns have only surface drainage.							Delhi
							Jullundur
							Lahore
							Amritsar
							Sialkot
							Rawalpindi
							Multan



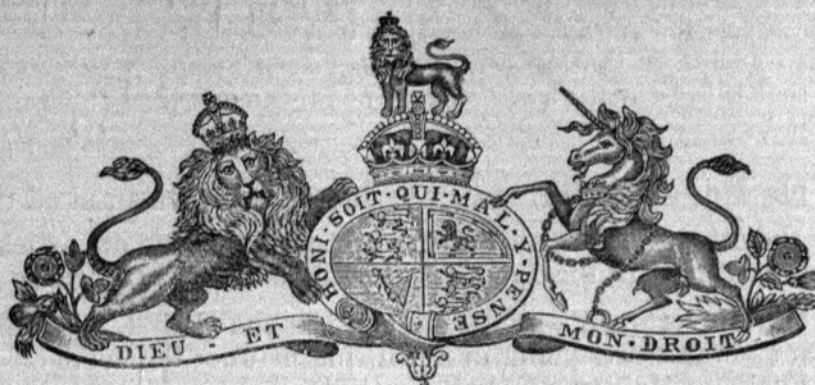
## Statement showing the towns in British India, etc.—concl'd.

Province.	Towns provided with water-works.	Total cost with subsequent improvements, if any.	Amount contributed by the Government.	Towns provided with drainage works.	Total cost with subsequent improvements, if any.	Amount contributed by the Government.	Towns with a population of 50,000 inhabitants and above in each Province.
		R	R		R	R	
BURMA	...	...	...	Rangoon . M a n d a l a y . (The Municipal Committee is making efforts to obtain a drainage system and has so far expended Rs. 3,00,000 on it: of this amount Government has contributed Rs. 1,40,000)	45,00,000	Government did not contribute anything towards the cost, but it bears practically the whole cost of town lands reclamation which is partially a work of sanitary improvement including provision of drainage. Between 1893 and 1910 expenditure on reclamation amounted to about 23 lakhs. This work is paid for chiefly out of town lands rents which though formerly allotted to the Rangoon Municipal Committee for municipal purposes are strictly provincial revenues.	Rangoon } Moulmein } BURMA. Man dala }
EASTERN BENGAL AND ASSAM.	Dacca .	8,55,148	3,95,350	...	...	...	Dacca . EASTERN BENGAL AND ASSAM
CENTRAL PROVINCES. (g)	Nagpur . A second reservoir is nearing completion at Nagpur which will cost 10 lakhs, of which Government contribution is 2½ lakhs.	10,29,000	...	A drainage scheme for Nagpur at a cost of Rs. 16 lakhs has been sanctioned. Government will contribute one half of this amount.	...	...	Nagpur . } CENTRAL Jubbulpore } PROVINCES.
	Jubbulpore	12,54,000	...				
NORTH-WEST FRONTIER PROVINCE.							
(h) The drainage system is not efficient and the water-supply system is imperfect.	Peshawar .	2,79,000 (h)	...	(h) Peshawar .	3,88,000	...	Peshawar . NORTH-WEST FRONTIER PROVINCE.

#### ERRATUM.

In the Gazette of India Extraordinary of the 1st March 1911 containing the Speech of the Hon'ble Finance Member introducing the Financial Statement for 1911-12 *for* the figures “£72,297,300” in the third line of paragraph 11 on page 5 *substitute* the figures “£72,927,300”.





# The Gazette of India.

PUBLISHED BY AUTHORITY.

CALCUTTA, SATURDAY, MARCH 18, 1911.

Separate paging is given to this Part in order that it may be filed as a separate compilation.

## PART VI.

### GOVERNMENT OF INDIA. LEGISLATIVE DEPARTMENT.

PROCEEDINGS OF THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA, ASSEMBLED FOR THE PURPOSE OF MAKING LAWS AND REGULATIONS UNDER THE PROVISIONS OF THE INDIAN COUNCILS ACTS, 1861 TO 1909 (24 & 25 VICT., c. 67, 55 & 56 VICT., c. 14, AND 9 EDW. VII, c. 4).

The Council met at Government House, Calcutta, on Tuesday, the 7th March 1911.

#### PRESENT:

The Hon'ble MR. J. L. JENKINS, C.S.I., Vice-president, *presiding*,  
and 55 Members, of whom 50 were Additional Members.

#### QUESTIONS AND ANSWERS.

**The Hon'ble Maharajadhiraja Bahadur of Burdwan asked :—**

“Is the Government aware that the tomb of the Moghul Empress Nur Jehan, near the Shahadara, Lahore, is in a very dilapidated and neglected condition, and is it a fact that the Punjab Government has approached the Government of India regarding its restoration? If so, have any steps been taken towards the restoration of the tomb, and if not, will the Government be pleased to say if it intends to take up the work of restoration of this mausoleum of a great Moghul Empress at an early date?”

**The Hon'ble Mr. Butler replied :—**

“The Government of India are aware that the tomb of the Moghul Empress Nur Jehan is dilapidated. It was in that condition before the Punjab was occupied by the British. The tomb is kept up and periodically repaired by the Public Works Department. No proposal regarding its restoration has been

made by the Punjab Government to the Government of India, who are, therefore, not in a position to say whether they will undertake the work of restoration. It is understood that an estimate has been framed by the Local Government and that this estimate will be examined by an officer of the Archæological Department."

**The Hon'ble Maharajadhiraja Bahadur of Burdwan asked :—**

"Has the attention of the Government been drawn to an article entitled 'Sivaji and his Tomb' in the *Indian Nation*, dated the 6th February 1911?"

"Do the Government propose to consider the desirability of making a suitable grant towards preserving in a befitting manner the tomb of the great Maharashtriya hero Maharaja Chhatrapati Sivaji?"

**The Hon'ble Mr. Butler replied :—**

"The Government of Bombay intend to take the necessary steps under the Ancient Monuments Preservation Act to preserve the tomb."

**The Hon'ble Maharajadhiraja Bahadur of Burdwan asked :—**

"Will the Government be pleased to place on the table a statement showing the number of scholarships for Muhammadans only in each University in each Province in India?"

**The Hon'ble Mr. Butler replied :—**

"There are no University scholarships for Muhammadans only. In Madras two free Government scholarships are reserved for Muhammadans at the Medical College; in Bengal 16 scholarships in arts colleges are reserved for Muhammadans; in Eastern Bengal and Assam 39; in the Punjab 14; and in the North-West Frontier Province 2. There are also some scholarships in different colleges endowed by Muhammadans for Muhammadans."

**The Hon'ble Maharajadhiraja Bahadur of Burdwan asked :—**

"Has the attention of the Government been drawn to the reports in the newspaper (the *Bengali* of 12th January 1911) of the alleged incident of Mr. Hussan Imam, a member of the Behar Bar, being subjected to an insult by a Railway guard at Bankipore?"

"Are the reports correct, and, if so, what action does Government propose to take in the matter?"

**The Hon'ble Sir T. R. Wynne replied :—**

"The Agent of the East Indian Railway has dealt personally with the matter, and steps have been taken which will prevent a recurrence of such an incident."

**The Hon'ble Maharajadhiraja Bahadur of Burdwan asked :—**

"Has the attention of the Government been drawn to the reports in the newspaper (the *Amrita Bazar Patrika* of 7th February 1911) of the alleged incident of the Hon'ble Mir Allahbaksh Khan, a Muhammadan Member of the Imperial Legislative Council, being insulted by a military officer while entering a first class compartment at the Cantonment Railway Station, Karachi?"

"Are the reports correct, and, if so, what action does the Government propose to take in the matter?"

**His Excellency the Commander-in-Chief replied :—**

"The reply to the first part of the question, so far as it relates to the Hon'ble Mir Allahbaksh Khan, is in the affirmative."

"The report that the Hon'ble gentleman was insulted is correct."



"On the matter being brought to my notice by the local military authorities, I at once gave orders for the suitable punishment of the offender. I have also taken steps which will, it is hoped, prevent a recurrence of incidents of this nature.

"The Government of India consider that the measures taken by me are adequate, and do not propose to take any further action in the matter."

**The Hon'ble Mr. Sachchidananda Sinha asked :—**

"Will the Government be pleased to state when, where, for how long, and in what capacities did the present Judicial Commissioner of the North-West Frontier Province (Mr. A. L. P. Tucker, C.I.E.) and the present Divisional and Sessions Judge of the Peshawar Division (Colonel Pritchard) serve as Judicial Officers in civil and criminal administrations before they were appointed to their present offices respectively?"

**The Hon'ble Sir Henry McMahon replied :—**

"Mr. A. L. P. Tucker is a member of the Madras Civil Service of 28 years standing. Apart from considerable magisterial experience, he exercised the powers of a District and Sessions Judge—

- (1) from April 1890 to August 1891 and from November 1891 to April 1892 while holding the appointment of First Assistant to the Agent to the Governor General in Central India ;
- (2) from October 1893 to April 1895 while holding the appointment of First Assistant to the Resident at Hyderabad ; and
- (3) from August 1899 to April 1901 and from February 1902 to July 1903 he held the appointment of Civil and Sessions Judge, Ajmer-Merwara.

"Lieutenant-Colonel C. H. Pritchard, Divisional and Sessions Judge, Peshawar, held the appointment of Subordinate Judge, Ajmer, from July 1891 to November 1892 and from April 1897 to March 1899, and from December 1906 to March 1909 he held the appointment of Civil and Sessions Judge, Ajmer-Merwara."

**The Hon'ble Mr. Sachchidananda Sinha asked :—**

"(a) Has the attention of the Government been drawn to a letter headed 'The Coming Census: A query' in the *Leader* of the 27th January last, pointing out that in the United Provinces the rules framed lay down that enumerators should be careful not to enumerate Jains, Sikhs and Aryas as Hindus, even though they may declare themselves to be Hindus.

"(b) Is the statement of the *Leader's* correspondent correct? If so, do the Government propose to issue orders that all persons throughout India should be enumerated as members of the community to which they may declare themselves to belong?"

**The Hon'ble Mr. Butler replied :—**

"The standard instructions issued by the Census Commissioner for India are as follows :—

'The answer which each person gives about his religion must be accepted and entered in column 4, but care must be taken not to enter Jains and Sikhs as Hindus. If a man says that he is a Jain or a Sikh, he should be entered as such, even though he also says that he is a Hindu. Some Jains consider that they are Hindus and others do not ; but what it is desired to ascertain at the Census is the total number of Jains, and this cannot be done if some of them are entered under the general head 'Hindu.' Similarly, Brahmos and Aryas should be recorded as such.'

"At the present, as at all previous Censuses, there will be a separate return for Jains and Sikhs. In order to obtain full information, it is necessary to enter as Jains and Sikhs all persons who say that they belong to these denominations, even if they also say that they are Hindus. If any person says that he is not a Jain or a Sikh but a Hindu, he will be entered as a Hindu without any question.

"The local Census authorities in the United Provinces have been requested to make this clear.

"It is open to any one who considers that Jains and Sikhs should be classed as Hindus to add their number to that of Hindus as given in the Census Tables.

"Persons returned as Aryans and Brahmos will, as in 1901, be classed in the final tables under the main head 'Hindu.' "

**The Hon'ble Pandit Madan Mohan Malaviya asked :—**

"Will the Government be pleased to say whether any action, and what, has been taken on the despatch of the Secretary of State for India on the encouragement of an independent medical profession in India by the throwing open to medical practitioners other than members of the Indian Medical Service of some of the civil posts now held exclusively by the latter?"

**The Hon'ble Mr. Jenkins replied :—**

"The question of the steps to be taken to encourage the development of an independent medical profession in India was referred to the Local Governments in February 1909. The Government of India, after considering the replies received to this reference, addressed the Secretary of State on the subject in November last. They are now awaiting His Lordship's reply to their despatch."

**The Hon'ble Pandit Madan Mohan Malaviya asked :—**

"Will the Government be pleased to say if it is intended to publish for general information a statement of the conclusions and recommendations of the recent Educational Conference at Allahabad, on the several subjects which were considered by it?"

**The Hon'ble Mr. Butler replied :—**

"The Conference was of an informal character at which formal resolutions were not passed. In view of the interest taken in its proceedings notes of the discussion will shortly be published."

**INDIAN PAPER CURRENCY (AMENDMENT) BILL.**

The Hon'ble SIR GUY FLEETWOOD WILSON introduced a Bill to amend the Indian Paper Currency Act, 1910.

**INDIAN TARIFF (AMENDMENT) BILL.**

The Hon'ble SIR GUY FLEETWOOD WILSON moved that the Bill further to amend the Indian Tariff Act, 1894, be taken into consideration.

The motion was put and agreed to.

The Hon'ble SIR GUY FLEETWOOD WILSON also moved that the Bill be passed.

The Hon'ble MR. MAZHARUL HAQUE: "I have given notice of a resolution which I intended to move during the first stage of the discussion on the Financial Statement. It deals with the reduction of duty on tobacco as proposed by my Hon'ble friend the Finance Member and proposes a corresponding remission in the enhanced duty on petroleum. By the introduction of the present Bill at this stage and before the discussion of the Financial



Statement my Hon'ble friend has taken the wind out of my sails, and I am compelled to speak now and say what I had to say on my resolution. This is the only course left to me and I proceed to avail myself of it.

“Last year, when my Hon'ble friend imposed fresh burdens upon the people of India in the shape of new taxation, he had pleaded for the necessity of such a serious step, on the ground that he wanted money to make both ends meet in the next year's Budget. The non-official Members of this Council protested that there was no necessity for imposing fresh taxes, that the estimates under the different heads of revenue were unduly over-cautious, and that by practising judicious economy the two ends could be easily made to meet. Even a cursory perusal of this year's Financial Statement will prove that the non-official Members were quite right and that my Hon'ble friend was entirely in the wrong. The whole of this revenue from new duties has contributed towards the swelling of an already bloated Budget, and new burdens have been laid upon a poor people simply because my friend was too nervous in his calculations.

“In spite of these general protests, when we entered into the details of the new taxes we supported the Hon'ble the Finance Member with one voice in his proposals to levy heavy duties on liquor and tobacco. Here the entire volume of Indian public opinion was with him. The people of this country have ever considered drinking and smoking as luxuries of doubtful utility and they would raise no objection to whatever duties the Government chose to impose upon them.

“But when it came to the enhancement of duty on petroleum there was a strong and almost unanimous opposition to it, on the ground that it was one of the necessities of life and that the burden would fall upon the poorer classes, whose already overburdened shoulders were the least able to bear it.

“The Hon'ble Mr. Carlyle and the Hon'ble Mr. Gates from Burma expressed their surprise that the Indian Members of the Council considered petroleum as a necessary of life. I would request them to study the figures of the consumption of petroleum during the last three years and compare them with—say, tobacco. They will find that the import of petroleum in 1908-1909 was 126, in 1909-1910, 136, and in 1910-1911, 128 millions of gallons. These figures are for eleven months of each of these three years, and I am indebted for them to the kindness and courtesy of my friend the Hon'ble Mr. Meston, who is ever ready to help us with any information that we may require. These figures prove that in spite of the enhancement of the duty by 50 per cent. the consumption of petroleum is not much lower than it was in previous years. On the other hand, take the duty on tobacco, a pure luxury of life, and we find that the consumption has gone down from 55½ and 73¼ lakhs of lbs. in 1908-09 and 1909-10 to about 15 lakhs of lbs. in 1910-11. Such a great fall could not be expected in any of the necessities of life. I am not unmindful of the fact that the duty levied on tobacco was much higher than that on petroleum, but still the figures show a remarkable corroboration of the Indian opinion in this Council that petroleum is really a necessary of Indian life. And this is why I have ventured to oppose the reduction of duty on tobacco and propose a corresponding remission on petroleum. The ostensible reason for this reduction of duty on tobacco as given in the Statement of Objects and Reasons is that the new duties ‘have not realised the revenue which was expected from them and it is considered probable that a somewhat lower range of duties would be more productive.’ My Hon'ble friend Sir Guy Fleetwood Wilson has given his whole case away by using the two words ‘considered probable.’ The lukewarmness of this declaration can only mean that there is something behind of which the people of India are not aware. Many conjectures are being hazarded, and the strongest and perhaps the most probable of these is that history is repeating itself and that the revenues of the country are being sacrificed, as in yore, to some powerful interests in Great Britain and elsewhere. We are aware that a very strong and vigorous agitation was carried on immediately after the passing of these taxes on behalf of the tobacco trade in England and even a countervailing duty was proposed on the indigenous tobacco. This latter proposal was found to be impracticable and even impolitic, and so the next best thing to do was

to pacify the agitators by reducing the duty already imposed. Of course these are mere conjectures and have no more value than mere conjectures can have. I for myself hope and trust that they are entirely wrong. Nothing can be worse for the good relations between the Government and the people of the country than that the impression should go forth that the revenues of the country are being sacrificed not in the interest of the people, but in the interest and at the dictation of a certain combination abroad. The impression that a mandate has come and that the Government of India cannot resist it is most mischievous for the Government of the country.

"It may be urged that the consumption of tobacco has gone down to a figure that was never expected or contemplated and that it has killed the trade. Well, it is permissible to hold different opinions upon these points, but what of the pronouncement made by my Hon'ble friend as the responsible Minister of the Crown when in his speech last year he said: 'They (tobacco-duties) may diminish import for a time, but incidentally they check the rapid growth of the cigarette habit which is not without its dangers to the rising generations of India.'

"In the face of this pronouncement it cannot be said that the Government did not expect a large decrease in the consumption of the weed which is described by its votaries as fragrant. No doubt the budgetted estimate was much larger than the actual figures, but this again was a miscalculation on the part of the Finance Department. Perhaps the trade itself has actively helped in keeping the consumption to the lowest possible limit in the hope that by such a manoeuvre they will be able to press for a reduction in the duties. The fact is that prior to last year's taxation tobacco used to be imported into the country practically free, the highest revenue realized from this source never exceeding four lakhs of rupees. This year my Hon'ble friend has made the trade pay 29 lakhs, and this they naturally do not like. If they are left to themselves it will be eventually found that this artificial restriction will disappear, the trade will recover, and my Hon'ble friend will realize his expected revenues and be happy. But this is not to be, and we have a lurking suspicion that the present Bill is a measure of relief to the tobacco combine and not the people of the country. Again, my Hon'ble friend seems to have forgotten his own enunciation of the principle that the growth of the pernicious habit of cigarette smoking among the rising generation of India should be checked. In the present legislation that noble solicitude for the welfare of the youths of the country appears to have been shelved. This was hardly expected from one so well known for his generous sympathies for the people of this country.

"If any relief is to be given, it should be given to the poorer classes, and this can be done by a reduction of the duty on petroleum, instead of tobacco. Petroleum is now used by every one who can afford to have a light and is gradually replacing the old *chirag* and vegetable oil. Such relief will be hailed with gratitude by the whole country.

"It is a sound principle of government that it is better to legislate with than against the people. In India the people have no direct voice in taxation, and therefore it is highly incumbent upon the Government to know the exact drift and strength of public opinion on any particular tax which they intend to impose. A failure to do this might result in unforeseen difficulties and even trouble. Here is a case where the Government are reducing a popular tax and leaving the unpopular one alone. It may be sound finance, but it is certainly not sound politics.

"With these observations I beg to move that the Bill before this Council be taken into consideration this day six months."

The Hon'ble MR. GOKHALE: "Mr. Vice-President, I desire to join in the protest which my Hon'ble friend Mr. Haque has entered against the course adopted by Government in proposing this reduction of tobacco-duties. But before doing so, I would like to offer, if the Hon'ble the Finance Minister will let me, my warm congratulations to him on the most interesting and luminous Financial Statement that he has presented to this Council. I think



students of Indian finance will readily recognise that in its exposition of financial principles the Statement is one of the most striking that has ever been laid before this Council, and so far as the far-reaching character of some of its announcements goes it will probably take rank with those few which have now become of historic importance in this country. The Hon'ble Member has been half-way through his tenure of office as Finance Minister, and his last two Budgets had to be framed amidst great difficulties and were adversity Budgets. We all therefore rejoice that this time he has had to frame his Budget under more favourable circumstances, and we do so as much on his own account as in the interests of the public generally.

"While, therefore, my feeling for this Budget is one of genuine satisfaction, I must say that I do not regard all the budgetary dispositions that the Hon'ble Member has made with entire satisfaction; and I believe the Hon'ble Member himself does not expect any Member to do so. One of the least satisfactory features of this Budget is this reduction of the tobacco-duties by about one-third. Last year, if I remember aright, the Hon'ble Member took great credit to himself for his disinterestedness, because he was taxing tobacco though he was a smoker himself. This year, my friend Mr. Haque has gone one better, because, though he loves the cigar very well, he stands up to resist its being cheapened, and he does not even claim credit for disinterestedness. Well, I cannot lay any claim to such disinterestedness as theirs in this matter, because I am no smoker; but my interest in the question is that of the general public, who, I think, are more interested in cheaper petroleum than in cheaper tobacco. Sir, the Hon'ble Mr. Haque has given expression to a suspicion which is widely entertained that the Government of India are not in this business a willing party. I do not know whether this suspicion is well founded: the Finance Minister will, I hope, tell us about that when he rises to reply. But one has only to compare the emphatic manner in which he insisted on raising these tobacco-duties last year and the almost apologetic manner in which he has expressed himself in reducing them—and the contrast between the two is most striking—to realise that the heart of the Finance Department is not in this measure of relief. The Finance Department always loves to dwell with some degree of satisfaction on any relief in taxation which it is able to give to the public. In this case, however, the matter is barely mentioned and then sought to be stowed out of sight as if the Finance Minister would rather that the people did not notice what he has done. Sir, last year, when the Hon'ble Member enhanced these tobacco-duties, he expressed himself as follows:—

'The present taxation—5 per cent. *ad valorem* on manufactured and nothing at all on unmanufactured tobacco—is ludicrously inadequate. In 1907-08 over 6 million pounds of tobacco were imported into India, and all that it paid to Government was £25,000; in England it would have paid 40 times as much. What we now propose is a set of rates which, in the case of cigarettes, is represented by Rs. 2 a lb. They may diminish imports for a time, but incidentally they may check the rapid growth of the cigarette habit, which is not without its danger to the rising generation in India.'

"It will be seen that a reduction in the imports was clearly foreseen by the Hon'ble Member, and the diminished imports, therefore, do not lend much support to the course that he has adopted this year. In now reducing these duties, however, this is what the Hon'ble Member says:—

'In discussing the yield of the new taxes which were imposed last year, I mentioned that we had been disappointed in our estimate for tobacco. The sudden rise in duties dislocated the import trade for a time, though it is possible that business would gradually have adapted itself to the new conditions. But we are informed that the rates which we selected have hit severely those particular forms of the tobacco industry in India which depend on an admixture of the foreign with the indigenous leaf. We are also doubtful whether our experiment has given us rates which are likely to combine the maximum of revenue with the minimum of hardship. It has been decided, therefore, to propose a reduction in the duties of about one-third all round, and a Bill to give effect to this change will be introduced today. On the assumption that it will become law, I have raised the yield of our tobacco-duties by about 5 lakhs in the Budget.'

"The last sentence, Sir, is really quite the most interesting in its own way. As I have already said, the Hon'ble Member had clearly foreseen the reduction in the imports: therefore that could not have come upon him as a surprise.

He says, however, that by reducing these duties now it would be possible to raise a higher revenue. I have looked into the figures that have been supplied by the Hon'ble Mr. Meston to Mr. Haque, and from these figures I find that the yield of the tobacco-duties this year is about 30 lakhs. Five lakhs more means 35 lakhs for next year. For the reduced duties to produce this sum, the consumption must increase by about 75 per cent. A small calculation will make that clear. The Hon'ble Member must, therefore, expect that by reducing these duties by one-third he will push up the imports by 75 per cent. Now in the first place he has got to explain what has become of his solicitude for the welfare of the youth of this country, as my Hon'ble friend Mr. Haque has called upon him to do; secondly, I would like to know what are the grounds on which he bases this expectation, namely, that if he reduces these duties by one-third, the imports will rise by about 75 per cent. It really looks, Sir, as though there was something more behind, and it is very unfortunate that there should be room for such a suspicion as that. As I have already observed, I hope the Hon'ble Member will disabuse our minds of this suspicion, and if he does this no one will be better pleased than myself. But if there has really been pressure from England in this matter and the Government of India are a mere unwilling party to the reduction, I deem it my duty to protest strongly against such pressure from England. In matters involving large policies the decision must, of course, be with the Imperial Government in England; but in these smaller matters I think that the Government of India ought to be left free. Sir, in another part of his Budget Statement, the Hon'ble Member insists on the fact that in view of the threatened extinction of the opium-revenue, the Government cannot afford to relinquish any part of the revenue they enjoy at present. After that emphatic statement, it is rather curious that these tobacco-duties should have been selected for reduction this year. If the Hon'ble Member was in a position to afford relief to anybody, there is no doubt that the consumers of petroleum were entitled to that relief first. I find from the figures about the consumption of petroleum that the imports of foreign petroleum show a considerable diminution. Now petroleum is, as every body knows, a necessary of life and not an article of luxury, and when the imports of petroleum go down, it means that the poorer people have undoubtedly suffered some inconvenience. If there is less tobacco smoked in the country, I do not suppose anyone is any the worse for that; if people smoke inferior cigars and cigarettes, that also is a matter that concerns them alone. The foreign manufacturers are no doubt affected, but we are not concerned with them. But when the imports of petroleum are reduced, that is a serious consideration for the Finance Minister, because that means that the mass of the people are being subjected to a great deal of unnecessary hardship. I find, Sir, that the quantity of petroleum consumed during the year previous to the enhanced duty was about 136 millions of gallons, while that for the current year shows a reduction of about 8 million gallons—the figure for this year is 128 million gallons. Coming to an analysis of the figures, we find that while foreign petroleum has fallen from 62 to 50 million gallons, Burma oil, which pays no duty, has risen only from 74 to 78 million gallons. When these duties were raised last year, it was expected by some that the result of it would be to push up the consumption of Burma oil which pays no duty. But as a matter of fact the rise in the consumption of Burma oil has been only about 4 million gallons at against a fall of 12 million gallons in the foreign petroleum. When these duties were under discussion in this Council some of us urged that one result of the enhancement of the duties would be to enable the owners of Burma oil to push up prices. I understand from the Hon'ble Mr. Gates that prices had really already been pushed up about a month before the duties were raised by an agreement between the Burma Company and foreign companies. And when the duty was raised and a difference created in favour of Burma petroleum, the Burma Petroleum Company was not slow to take the fullest advantage of the situation to earn extra profits. The enhanced petroleum-duties, therefore, ought, in my opinion, to be reduced as soon as possible. In any case, if any relief can be granted, if the Hon'ble the Finance Minister can spare any money, that ought to be devoted to a reduction of the petroleum-duties in preference to the tobacco-duties."



The Hon'ble SIR GUY FLEETWOOD WILSON: "Mr. Chairman, I find a little difficulty in reconciling the two aspects which are presented by my Hon'ble friend on my right (the Hon'ble Mr. Haque) and my Hon'ble friend opposite (the Hon'ble Mr. Gokhale). My Hon'ble friend on the right says that I have lost sympathy with the desire we all expressed that the worst form of cheap cigarette smoking should cease in this country, or at any rate should be very materially reduced. That would, I think, imply that he expects a very large increase in the imports of that article. My Hon'ble friend, Mr. Gokhale, on the other hand, says that I am not going to get any further revenue or not so much as is coming in. I should like to say to my Hon'ble friend that we have considered the question of the cheapest and the worst forms of cigarettes, and I think the modifications that we have made in the rate will keep out that very deleterious cigarette which undoubtedly is very injurious to young people and also to old people. But I think that another point Mr. Gokhale has made is that the reduction is very great and that it is therefore a contradiction of the attitude which I assumed last year in regard to this tariff rate; but I must point out that the rate which at present remains is no less than seven times higher than the one which prevailed before any change was made. I think however that the real point has somewhat been lost sight of. I am afraid that neither Hon'ble Member has done me the honour to read with care, or at any rate has not appreciated, the objects and reasons which support the Bill which I have the honour to introduce. Under the head Objects and Reasons the purport of this legislative enactment is thus indicated. The new duties which were imposed on tobacco a year ago have not realized the revenue which was expected from them, and it is considered probable that a somewhat lower range of duties would be more productive. The Bill accordingly provides for a reduction by about one-third all round in the existing rates upon tobacco of all classes. Both Members have alluded to the element of doubt which occurs in the wording of this Statement of Objects and Reasons; the words to which they have alluded being 'considered probable.' They have impressed upon us that our calculations of last year were miscalculations, and it is only reasonable to guard ourselves against being too emphatic in our assertions in regard to the future. But I must point out that that Statement of Objects and Reasons shows that the object we have in view is to increase our revenue, and the means we adopt does happen to have the indirect effect of also benefiting an important Indian industry, the Indian cigar manufacture. The object of the alteration is not to give relief, it is to bring in more revenue; that is most distinctly stated from beginning to end. If there had been a question of affording relief to the taxpayer, it is quite possible that a number of other suggestions might have presented themselves and been found acceptable; but the object of this is to increase revenue and not to give relief. Neither of my Hon'ble friends approve of the course that we have adopted, and accordingly they advocate an alternative which would not only reduce our revenue but which directly and immediately would injure an Indian industry, since it facilitates the introduction of foreign oil in competition with Indian oil. I really almost wonder what the Hon'ble Pandit who is a champion of Swadeshi and the Hon'ble Mr. Subba Rao who represents the cigar-manufacturing industries of Southern India would think about it. But our object, as stated, is to improve our revenue receipts, and as the amendment would have the diametrically opposite effect and the additional disadvantage of injuring an indigenous industry, I am sorry to say that I cannot accept it."

The Hon'ble MR. MAZHARUL HAQUE: "By way of reply, Sir, I may say a few words. I think we Indian Members are confirmed in our suspicion by the studied silence of my Hon'ble friend the Finance Member upon the point raised in our discussion; and now we see that really there is some truth in our conjectures that the Indian Members do not know everything behind the scene. My Hon'ble friend has said that I have not read the Statement of Objects and Reasons very carefully; but I am afraid that my Hon'ble friend perhaps did not attend to my speech, because I quoted the Statement of Objects and Reasons almost *verbatim*, almost the whole of it, and while pointing out the ostensible

reason given by the Finance Department, I said that we did not know what the real reasons were."

THE PRESIDENT: "The phraseology of the amendment which has been moved by the Hon'ble Mr. Haque and supported by the Hon'ble Mr. Gokhale has apparently been borrowed from that used in the House of Commons, where it has a well-known and perfectly clear meaning. In this Council, if it has any meaning at all, it is the direct negative of the motion which is before the Council, and I therefore rule the amendment out of order and put the original question to the Council."

The Hon'ble BABU BHUPENDRANATH BASU: "Sir, if an amendment is out of order, is a discussion upon it permissible, and is it permissible to rule an amendment out of order after discussion has been allowed?"

THE PRESIDENT: "I cannot alter the ruling on the question; it is not open to doubt. I will again put the question."

The motion was put and agreed to.

#### PRELIMINARY REMARKS.

THE PRESIDENT: "Before we proceed to a discussion of the Financial Statement I wish to make some remarks which may be of assistance to Hon'ble Members who have resolutions upon the paper. The Financial Statement is laid before this Council for definite purposes which are stated in the rule, and the discussion of it ought to be confined to these purposes. Thus, when an Hon'ble Member proposes a reduction under any head of expenditure, he ought to explain how the reduction is to be effected, and how it is to take effect in the year to which this Financial Statement relates. If the change which he proposes necessitates any change in the policy of Government, it is open to him to discuss that policy. It is not however open to him to enter upon questions of general administrative action and policy. The resolutions on the Financial Statement must in short be genuine financial resolutions. They must not be used merely as devices for raising debates in Councils upon subjects which are not connected with the substance of the resolution. Government have no wish to stifle discussion, but Hon'ble Members have full opportunity to move resolutions on questions of general public interest and at the last stage of the budget discussion to raise discussion regarding the general financial policy of Government. But it is very necessary that the discussion of the Financial Statement should not be used for purposes other than those which they are intended to serve. I hope that I shall have the support of the Council in maintaining this principle. It is absolutely necessary if the Financial Statement is to be discussed in a practical and business-like manner."

The Hon'ble MR. GOKHALE: "May I ask, Sir, in order to be clear in my own mind as to what you have said, whether the kind of discussion that was permitted last year is to be permitted this year or not. If you will refer to the proceedings of last year, you will find that Members were allowed to propose reductions under certain heads and then bring up the financial aspects about those heads in this Council. Of course, if we touch upon larger questions of policy, we should be ruled out of order. But if we confine ourselves to the financial aspects of a question, we are clearly in order. This is what was done last year, and I would like to know whether it would or would not be permitted this year."

THE PRESIDENT: "Last year we were at the beginning of things and possibly some degree of laxity was permitted. But this year I do think that it is very necessary that we should, in dealing with the Financial Statement, limit ourselves to financial questions and merely to financial subjects as they are given in the Financial Statement. Under the rules each resolution must relate to a definite entry in the Financial Statement. Under another rule the



discussion must be confined to the subject to which the resolution relates. If these two provisions are read together, I think it will be evident that the discussion of the Financial Statement is only intended to extend to the entries in the Financial Statement for the year which we are discussing. As I have said, if incidentally in proposing alterations in any entry in the Financial Statement it becomes necessary to discuss the policy of Government a change of which will be necessary to give effect to a proposal which an Hon'ble Member may make, then the discussion of that policy would be quite in order. But what I think would be objectionable would be to raise general questions of policy which cannot be given effect to in this Financial Statement, which may perhaps be given effect to in future and in future Financial Statements. For instance (an example will possibly be of more use than a great deal of description), I think it would not be legitimate for an Hon'ble Member to propose, say, a reduction of one rupee or any other arbitrary sum under the head of Education and under cover of a resolution of that kind to embark upon a discussion of free and compulsory primary education, the pay of masters of secondary schools, and so forth. I think that when we come to the discussion it will be found that the principles which I have laid down will work quite smoothly."

The Hon'ble MR. GOKHALE : " Once again, Sir, if you will permit me—since what you have said will apply to a number of my resolutions—I wish to point out one or two things. The rule which regulates the form of the resolutions that we may bring before this Council during these two stages of the discussion of the Financial Statement is rule No. 6. It requires that the resolutions shall be clearly and precisely expressed and shall raise a definite issue, and that they shall be directly relevant to some entry in the Financial Statement. So far as the rules are concerned, these are the only two requirements in this connection. Now, Sir, let me mention what took place last year. Take the head of expenditure on Stationery and Printing. I moved for a reduction of charges, and all that I did in support of my motion was to show how the charges had been growing for a number of years. The Hon'ble Mr. Robertson, who was then in charge of the Department of Commerce and Industry, assured me that the matter had attracted the attention of Government and that they were considering how the charges could be reduced : my purpose was served. I did the same about the Telegraph Department and also about Railways. I moved a reduction in the working expenses of Railways, and as a matter of fact I find that the working expenses have been reduced this year. What I mean is this. The entry which is referred to, in such cases, is the total expenditure under a given head mentioned in the Financial Statement. The Statement says that the total expenditure under that head shall be so much, and the resolution urges that it shall be so much less. As regards how the reduction is to be effected, I can place before the Council only general suggestions. I am not an official of the Department concerned and I cannot possibly point out what individuals, if any, should be got rid of or what else should be done. And I am strongly of opinion that if this discussion is to serve any useful purpose, Members must be allowed to move these resolutions in the form in which they were permitted last year. If we violate any of the conditions laid down in rule 6, of course, you, Sir, will be entitled to call us to order. But I do not see how you can restrict discussion in the manner you propose."

THE PRESIDENT : " It will of course be quite open to any Hon'ble Member to raise any general question provided he ties it up with a definite proposal which he makes with regard to any entry of the Financial Statement of the year. I call the attention of the Hon'ble Member to one of the provisions of the rules which he has not noticed. It is provided in rule 13 that ' the discussion of a resolution shall be limited to the subject of the resolution.' That is really the rule which should govern the whole of our discussion, and I imagine that when we come to the business we shall find that there will be no difficulty whatever in applying it."

## FINANCIAL STATEMENT.

## FIRST STAGE.

The Hon'ble SIR GUY FLEETWOOD WILSON : " Sir, I now proceed to open the first stage of the discussion on the Financial Statement for 1911-1912. I do not propose to make any remarks on the subject because I shall follow the precedent of last year and also because most of the matters have been dealt with in the Financial Statement."

## OPIUM FUND.

The Hon'ble MR. GOKHALE : " Sir, I rise to move the resolution which stands in my name and which reads as follows :—

'That this Council recommends that the amount of the new loan for next year be raised from £5,925,300 to £7,925,300 and that the extra two millions be set apart to constitute a new fund to be called the Opium Fund, or, in the alternative, be devoted to non-recurring expenditure on Education, Sanitation and Medical Relief.'

"I must at the outset explain to the Council why it is that I have worded my resolution in the manner I have done, and why, when I do not want the loan for next year to be really raised, I appear here as though I wanted that loan to be raised. My reason is that the rules of this Council, the rules which govern this discussion, are to a great extent defective, and till they are so modified the only way in which I can raise the discussion, which I am anxious to raise today, is in this roundabout manner. The Council is aware that this year, I mean the year which is about to close, there is a large surplus, made up of two parts. There is what the Finance Department calls the opium surplus, and there is the ordinary or non-opium surplus. The total amount of these two surpluses has not been, in my opinion, stated as it should have been by the Department. The total, as I will proceed to show, is £5½ millions or Rs 8 crores. A portion of it is hidden away under one head and another portion under another head. And the final surplus, actually shown by the Department, is about £3½ millions. A careful analysis, however, shows that the real total surplus is £5½ millions and not £3½ millions. This surplus is made up of £3 millions under opium, and about £2½ millions under other heads. Out of this £2½ millions, grants have been made to Local Governments amounting to a total £1½ millions sterling. The Finance Department says that the grant of £1 million for education and sanitation has been made out of the opium surplus. I do not see why it was necessary to touch the opium surplus for this grant; there was the ordinary surplus available, and the whole grant could have come out of that ordinary surplus and the opium surplus could have been left intact. That however is a point with which I will deal later. The facts, as they are stated in the Financial Statement, show a surplus of £3½ millions—£2 millions as the surplus under opium and £1½ millions as the non-opium surplus; and what the Finance Minister has done is to devote the two millions opium surplus to the reduction of debt, the remaining £1½ millions going into the cash balances of the country. Now, Sir, my object in moving this resolution is to recover that sum of 2 millions which the Government of India have decided to devote to the reduction of debt. I would like to have that sum back and devote it, in the first instance, to the creation of a new fund, a reserve fund, to be called the Opium Fund. Or, if this proposal is not acceptable by the Council, I would propose that these 2 millions should be devoted to non-recurring expenditure on education, sanitation and medical relief.

"Sir, if, under the rules, I could have raised a direct discussion as to the dispositions of this year, *i.e.*, the dispositions in the revised estimates, I should certainly have brought in my motion in a more direct form. But there is a rule which lays down that our resolutions at this, the first, stage of the financial discussion, should be confined to any alteration in taxation, any new loan or any additional grant to Local Governments *mentioned or proposed in the Financial Statement* or in the Explanatory Memorandum accompanying it. And the Financial Statement has been defined in the definitions as the budget



estimates for the year next following, the revised estimates for the year about to close not being included in the definition. I think the definition requires to be altered, the Financial Statement being made to include not only the budget estimates for next year, but also the revised estimates for the current year. Otherwise all that the Finance Minister has to do is to say nothing in the Financial Statement about any grants to Local Governments, but to start making such grants as soon as the Budget discussion is over, and go on making them during the year. By the time we come to the end of the year, all these grants, as already made, will appear in the revised estimates, and they can then, under the present definition, escape the discussion to which we are entitled to subject them. However, the rule being there in its present form, I did not like to take any risks. Possibly, if I had worded the motion in a more direct form, it might have been allowed, as a matter of grace, as I see some other motions have been allowed. But I did not like to take the risk of the motion being disallowed, and I therefore have worded my resolution in this roundabout manner. By this means, I raise the matter under the head of the new loan for next year. My proposal is that the loan which the Government proposes to raise during next year should be 8 millions instead of 6 millions. This extra two millions will be no increase in reality in our indebtedness, because the Government are reducing our debt this year by 2 millions taken out of the opium surplus, and all I propose is that after the new year begins it should again be raised by 2 millions, so that there should be no real change in the debt. My object thus is to recover for the country the two millions which the Hon'ble Member proposes to devote or has devoted to the reduction of our debt, and the actual wording of the resolution is merely a matter of form rendered necessary by the rules as they stand today.

"Sir, I said at the commencement that our real surplus this year is  $5\frac{1}{4}$  millions or 8 crores of rupees. It will be seen on a careful examination of the Financial Statement that there are two series of doles—those doles which the Finance Minister once condemned—which reduce it by  $1\frac{3}{4}$  millions. I am not sorry that these doles have been given this year, because they are for purposes which I entirely approve. But I remember the Hon'ble Member expressing himself once somewhat strongly against the policy of doles. The doles this year are a grant for non-recurring purposes, for sanitation and education, of about a million, and another grant to various Local Governments for various objects of public utility, roughly amounting to about three-quarters of a million. The two together amount to  $1\frac{3}{4}$  millions. Now, if the whole of this  $1\frac{3}{4}$  millions had been taken out of the ordinary surplus, leaving the opium surplus alone, even then there would have been half a million of the ordinary surplus left. What the Hon'ble Member has, however, done is this. He takes 1 million out of the 3 millions opium surplus, and gives it to education and sanitation; then he takes  $\frac{3}{4}$  of a million out of the other  $2\frac{1}{4}$  millions, and gives it to various Local Governments for various purposes; thereby leaving behind a million and a half of the second and 2 millions of the first surplus, or a total resulting surplus of  $3\frac{1}{2}$  millions. Now, Sir, I do not understand why he has done all this in this way. The special grant to education and sanitation could as well have come out of the non-opium surplus. The special opium surplus might have been left alone to be dealt with in some special manner—for redemption of debt, as the Hon'ble Member proposes, or for creating a special reserve, as I am going to propose. There was ample margin for both series of grants out of the ordinary surplus, and I do not understand why some money has been taken out of one surplus and some out of the other, and the resulting surpluses, under the two heads, shown as they have been in the Statement. However, that does not affect my resolution in any way. I suggest that this opium surplus, which stands at 3 millions, though the resolution raises a discussion only about 2 millions, should be set apart to constitute a new fund which I would call the opium fund or opium reserve or by some such name; and I further suggest that we should go on adding to it all the additional opium surpluses that the Hon'ble Member or his successor may earn during the next few years, and the fund thus created allowed to accumulate, so that when the opium-revenue comes to be extinguished, the inconvenience and dislocation arising from that extinction should be partly met by drawing on this fund; in other words, that

this fund should enable the Government to distribute the inconvenience of the loss of opium-revenue over a longer period than would otherwise be possible.

"Sir, this question of the disposal of the opium-surplus is in reality a most important question, and I would ask the indulgence of the Council while I state why, in my opinion, the course which I have suggested should be adopted. Last year, when I urged that instead of including the whole of the opium-receipts in the revenue for a particular year, we should have a sliding scale of a diminishing opium-revenue, as that revenue was marked out for extinction, the Hon'ble Mr. Meston, in whom we all are glad to recognise a master of debate, tried to turn the point of my contention against me by saying that that was precisely what the Government were going to do, only he could not reconcile my advocacy of that scheme with my complaint in the earlier part of the debate that the Government had under-estimated the opium-revenue. Now, my position at that time was perfectly clear. Sir Edward Baker had stated in this Council three years ago, when he first announced to the Council that the opium-revenue was doomed, that if the Government of India were allowed to spread the loss of that revenue over ten years, which at that time meant an annual diminution of 50 lakhs, the Government would be able to stand the loss without recourse to extra taxation. And what I meant was that this sliding scale which has been devised this year should have been brought into operation then—not after two years of the excess revenue had been enjoyed by Government and used for ordinary expenditure and after extra taxation had been imposed in order to meet the deficit caused by an uncontrolled growth of expenditure. My contention was that the sliding scale should have been brought into existence when the announcement was first made here in this Council that the opium-revenue would disappear in ten years. However, better late than never, and I am glad the Finance Department has at last introduced a sliding scale; only, instead of an annual diminution of 50 lakhs, it must now be about 85 lakhs, as we have now only seven years in front of us instead of ten. Now, Sir, if the Government could spread the loss of this opium-revenue even over the next 7 years, possibly the Finance Department might be able to find annually this margin of 85 lakhs out of the normal growth of revenue, and they might be able to meet the difficulties that the loss of revenue would create without having recourse to extra taxation. I think this is just possible, though I do not know what may actually happen. But will the Government have the whole period of seven years to distribute this loss over? I think there are many indications that the Government of India will not get seven years, that in the course of four years, possibly even three years, this opium-revenue may go. Let us assume that it will go in about three years. It is only wise to be prepared for a contingency like this, as events are clearly moving in that direction. I may say at once that personally I do not regret the prospect of this loss. I have always regarded this opium-revenue as a great stain on our finances, because it is drawn from the moral degradation of the people of a sister country. Indeed, I am glad that this revenue will go, and I do not mind having to face the situation which the loss will create. At the same time, I would, in prudence, prepare for the contingency from now. Assuming that the opium-revenue is extinguished in the course of three years, what will happen? The sliding scale of the Finance Department assumes a period of 7 more years for the total loss. The Department takes for the current year an opium-revenue of 7 crores, for the next of 6 crores 15 lakhs, for the year following that about 5½ crores, and so on. But if the opium-revenue is extinguished in the course of three years more, the sliding scale will not carry us lower down than to about 4½ crores for the last year, instead of to only 85 lakhs, as would be the case on a seven years' basis. And, Sir, if this happens, as sure as the fact that we are here in this room today, the Finance Department will have recourse to extra taxation to fill up the gap. And, as I am anxious to guard the country against such a course, I bring forward my proposal for the creation of an Opium Reserve Fund today.

"My proposal, Sir, is this. The additional opium-revenue, by which I mean the excess over the sliding scale—which is 7 crores for the



current year, 6 crores and 15 lakhs for the next year, and so on—is rendered possible solely by the fact that the opium-traffic is threatened with extinction and that the Chinese consumers are therefore prepared to pay fancy prices for the drug while it can be had. The very threatened extinction, therefore, is producing the surplus at present, and it is only proper that the surplus should be utilised in order that the dislocation of our finances, when the extinction does come, should cause as little inconvenience to us as possible. What I urge therefore is this. This surplus, over and above the sliding scale, should be put aside year after year. We have 3 millions this year, we might have, say, 2 millions next year, and, say, another 2 millions during the following year, and at the end of the 3rd year let us suppose that the opium-revenue suddenly disappears altogether. According to the sliding scale, the 4th year will require an opium-revenue of  $3\frac{1}{2}$  crores, the 5th year about  $2\frac{1}{2}$  crores, and so on. Meanwhile our Opium Reserve Fund will amount, during the next three years, to 7 millions. If we have such a Fund, we can draw on it to fill up the gaps for the 4th, 5th, 6th and 7th years, and thus obviate a recourse to extra taxation. Thus, by creating this opium-reserve, we shall be able to spread the whole loss over 7 years—the period which the Government of India are anxious to spread it over—even if the actual extinction takes place in three years. Of course, if you devote this money to the reduction of debt now, and if the Government will borrow when the need arises, to fill up the gap, for purposes of current expenditure, then I do not press my proposal. I recognize that there is no special merit in a separate fund. But the Government has never so borrowed. The Government will never borrow for recurring purposes, even temporarily, especially when the prospect is to have to borrow for a number of years; and I am quite sure, if a proposal to borrow is made by any Member in those circumstances, we shall have sermons in this Council from the Finance Minister about the unwisdom and impolicy and extravagance of borrowing for ordinary purposes. Therefore, if the opium-revenue is extinguished in, say, three years—and it is by no means improbable—while the surpluses during the three years will be devoted to a reduction of debt, when the threatened extinction comes, instead of again borrowing to the extent of the reduction effected, the Government will impose extra taxes. If, however, the Government have this opium-reserve at their side, there will be no excuse and no justification whatsoever for the imposition of extra taxes. Of course, I do not object to extra taxation for other purposes. But, other things being equal, I do not want any extra taxation to meet the loss of the opium-revenue. Sir, it may be said that, after all, a reduction of debt is a most excellent object, and as the future may well take care of itself, the Finance Minister is justified in devoting his surpluses to a reduction of debt, thereby leaving his successor the burden of a smaller debt. If the debt of this country—I mean the ordinary debt—had been a huge debt, similar to the mammoth debts of Western countries, I would have understood such a course, and I would not have opposed this policy as I am doing now. But what is our unproductive debt? I think an enquiry into this question is useful in view of what the Finance Member says in his Financial Statement. He says there that two millions will be devoted to a reduction of debt, because thereby our credit would be strengthened. With all deference, Sir, I beg leave to say that in speaking thus he is merely using a Western formula—a formula which in India has no application because of the trifling amount of our debt. Sir, what is the amount of our debt? Our total debt is made up of various component factors. There is the permanent or funded debt. There is the temporary or unfunded debt. And there are various funds with the Government, such as Savings Banks deposits, Service funds, special loans, Judicial deposits in Courts, and so forth. Against this the Government have their Railways and Irrigation works, their loans and advances to Local Bodies, Native States and cultivators, and their cash balances. Deducting these latter from the total debt, what remains is the true ordinary or unproductive debt. Now, taking the figures for 1907-08, and bringing them up to date, we find that in 1907-08 the permanent debt in India was 88.55 millions; the permanent debt in England was 156.48

millions, or, in the two countries together, 245 millions. That was the funded, permanent debt in that year. The unfunded debt in that year was only 1 million. Then about 20 millions represented special loans, Service funds, Savings Banks deposits, departmental and Judicial deposits and miscellaneous obligations of the Government, or total liabilities of 266·28 millions or 400 crores of the liabilities of the Government. As against this, the Government of India had in that year 177·7 millions invested in Railways and 29·87 in Irrigation Works, or a total of 207·57 millions under the two heads together. The Railway debt was earning about 5 per cent., the Irrigation debt about 7 per cent. Therefore it was really no debt at all in the sense in which the term debt is used. That accounted for 207 out of 266 millions. Then the loans and advances by Government to various Local Bodies, Native States and cultivators amounted in that year to 13 millions and the cash balances were 18·6 millions. Thus, 239 millions out of 266·28 millions represented the investments and cash balances of the Government, leaving only about 27 millions of real unproductive debt for the country. This was in 1907-08. Since then the position has undergone some deterioration. Of course there has been additional borrowing for Railways and Irrigation; but we need not take that into account since Railway and Irrigation investments are earning 5 and 7 per cent. interest respectively. But there was a deficit in 1908-09 of 3·74 millions. In 1909-10 there was a surplus of '61 million, and this year, excluding the opium-surplus of 3 millions, there is still a surplus of '49 or half a million. The position therefore during the last 3 years has undergone a deterioration by about 2·64 millions, and we must add that to the figure for 1907-08 to find the total unproductive debt at the present moment. This comes to 29·7 millions, say 30 millions. Or, if the Finance Minister will prefer it, I am prepared to take the funded unproductive debt, as it appears in our accounts, which is 37 millions. That means making a present of about 7 millions to the Hon'ble Member; but I will do so and will take 37 millions for the purposes of my argument. Now, Sir, what is a total unproductive debt of 37 millions for a vast country like India? What is such a debt, compared with the huge debts of other countries? And is the reduction of this trifling debt a matter of such paramount importance that everything the Finance Department can lay hands on should be devoted to this reduction to the practical exclusion of all other useful objects, as has been done during the last 10 or 12 years? Sir, my protest against this policy of the Government has been a long-standing one. Year after year, for the last 10 years, I have been raising my voice in this Council against this policy; but so far without much effect. How does our unproductive debt compare with that of other countries? In England, at the present moment, you have a national debt of over 700 millions, corresponding to our unproductive debt. In France it is over a thousand millions. In several other countries it is four to five hundred millions. Even in an Eastern country like China it is about 110 millions, though the annual revenue of China is much smaller than ours. The Hon'ble Member speaks of the necessity of strengthening our credit. If we look at the rates of interest at which different countries borrow, it will be found that our credit is exceedingly good.

"The bulk of our debt is at  $3\frac{1}{2}$  per cent.; whereas Japan borrows at from 4 to 7 per cent.; Russia borrows at about 5 per cent.; Turkey borrows at 5 per cent. and over; China borrows at between 4 and 7 per cent., 4 per cent. in a few cases, 6 and 7 per cent. being the usual rate. Even Italy borrows at a higher rate than India, the bulk of Italy's debt being at  $3\frac{3}{4}$  per cent. I therefore contend that our credit is excellent, and I think the Hon'ble Member need not be in a hurry to improve it still further. Moreover, when a debt is as small as ours, credit is strengthened by its diminution only theoretically. I do not say that our debt should be left where it is. I am quite willing that there should be some provision for a regular reduction in the ordinary debt of the country. I am quite willing that there should be a Sinking Fund of a definite amount; but when the requirements of such a fund are provided, all money out of the revenue over and above it should be devoted to pressing objects of public utility, such as Education, Sanitation, Medical relief, and so forth. Now, Sir, if we examine next year's Financial Statement,



we shall find a sum of 2 crores already devoted to the reduction of debt, *i.e.*, already serving the purpose of a Sinking Fund. Seventy-five lakhs are provided under the head of Famine Relief and Insurance to avoidance or reduction of debt; and under Railway expenditure we have a sum of over £800,000, or about  $1\frac{1}{4}$  crores, devoted to the redemption of Capital; and according to our system of accounts that finally shows itself as a reduction in our ordinary debt. Therefore, we have  $1\frac{1}{4}$  crores under Railway Capital expenditure and three-quarters of a crore under reduction or avoidance of debt, or, roughly, a sum of 2 crores devoted to reduction of debt. I am quite willing that this should be a standing Sinking Fund. If, in any year, the Government cannot afford these 2 crores, I am willing that the deficiency should be a first claim on the surpluses of succeeding years. If, further, there is any deficit in any year, that deficit should be a first claim on the surplus of the years that follow. But when you have provided for this Sinking Fund and for covering ordinary deficits, I think all money, in excess of that, should be devoted to non-recurring expenditure on those objects with which the moral and material well-being of the people is intimately bound up. Sir, a Sinking Fund of 2 crores a year is four times as large as what rich England is providing for her today. The total debt at present is about 750 millions. Between the Crimean War and the South African War, England reduced her debt by about 200 millions. It was about 836 millions at the close of the Crimean War. It was about 635 millions at the beginning of the Boer War. In other words, England reduced her debt during the interval by 200 millions or 5 millions a year. This means a Sinking Fund of a little over  $\frac{1}{2}$  per cent. on the first debt. During the last 8 or 9 years they have reduced the debt from over 800 millions—the figure at the close of the Boer War—to 750 millions, a reduction of about 50 millions; that amounts to about 1 per cent. on the first debt. Therefore, you find that in a wealthy country like England the Sinking Fund does not exceed about 1 per cent. of the debt. Here, in India, I am willing to allow 2 crores annually to get rid of our small debt of 37 millions. This means a Sinking Fund of 4 per cent. as against 1 per cent. in England. Surely the Hon'ble Member should be satisfied with this, and all money over and above this amount ought to be available for other pressing purposes which require large outlay very badly. Sir, for these purposes—Education, Sanitation and Medical Relief—while a great deal of recurring expenditure is, no doubt, necessary, there is also a vast amount of non-recurring expenditure absolutely required. And the need is most urgent. Seven out of every 8 children are growing up in India in ignorance, while the State in every other civilised country has made the free and compulsory education of its children one of its primary duties; 4 villages out of 5 in this country are without a school. Then sanitation throughout the country is in a most neglected condition. The death-rate, already high, is growing higher and higher; the latest figures show that the death-rate is now over 38 per thousand. For providing school buildings for primary schools, hostels for secondary schools and colleges, for initial outlay on technological institutions, for drainage and water works, an enormous amount of money of a non-recurring character is required, and there can be no more beneficent expenditure of public money after a Sinking Fund has been provided. My proposals, therefore, are these: I propose, in the first place, that the opium-surpluses, over and above the figures of the sliding scale, should be set apart to constitute a new fund to be called the Opium Fund. In the event of this proposal not being accepted, I propose that the whole of such surpluses should go to meet non-recurring expenditure on Sanitation, Education and Medical Relief instead of being devoted to a reduction of debt. At the same time I propose that a Sinking Fund of a definite amount should be created, and that all sums over and above that Sinking Fund should be applied to the objects I have mentioned. Sir, I move the resolution which stands in my name."

The Hon'ble MR. MUDHOLKAR: "Mr. Chairman, I have great pleasure in supporting the resolution moved with such conspicuous ability by my friend the Hon'ble Mr. Gokhale. I take advantage of this occasion also to offer my congratulations to the Hon'ble the Finance Member for what might be called

a lucky and opportune windfall—the unexpected windfall which is calculated to afford us considerable relief and considerable help. It is almost a truism that the expenditure side and the receipt side of the national Budget ought to balance each other; and last year, when a proposition similar to the one moved by the Hon'ble Mr. Gokhale was before the Council, the Hon'ble Mr. Meston drew our attention to a fundamental proposition that surpluses ought to be devoted to the redemption of debts. Well, Sir, that proposition is as true as that other proposition of finance that all taxation is an evil and that we should avoid taxes as far as possible. But as we cannot avoid taxation, so also can we not in a highly organised financial concern such as a Government avoid debts; and national debts have, with our present civilization, become a necessity in every country. We want various matters of social necessity and civilized amenities to be introduced into this country. And for that purpose large amounts are required. There is no need so keenly felt in this country as the advance of education and the improvement of our sanitation. Last year, when the Financial Statement was under discussion, specific resolutions were moved in regard to larger grants for Education and for Sanitation, both generally and in regard to particular provinces, and the reply given on behalf of Government was 'there is no money; all that you ask is very necessary, is very proper, but unfortunately there is no money to be had.' I myself brought forward two resolutions before the Council with reference to my own province—one in regard to education and another in regard to Sanitation; and the official representative of my Province, while expressing complete agreement with my programme—why in fact going further and saying that there were many other things than those indicated by me which were urgently needed—stated that the Local Government were unable to carry out what I suggested because there was no money to be had. He said that the province had to rely upon the Government of India in regard to very many matters; its own finances were greatly dislocated on account of the famine of 1908 and the Local Administration was not in a position to carry out many things which were considered very desirable. The same was said by the Hon'ble Mr. Holms in regard to the United Provinces. He pathetically said that the condition of the United Provinces in regard to education was worse even than that of the Central Provinces and Berar. In regard to advanced Bombay, we had the Hon'ble Mr. Quin stating that, if money were forthcoming, there were a lakh of boys who were ready to attend schools immediately schools were established. He showed that, out of about 25,500 villages, only 7,500 were furnished with schools and 18,000 were without schools. That is in Bombay, one of the most advanced provinces in the country.

"Similarly, in regard to sanitation, it was pointed out that there were various things which were recommended by the Plague Commission, the Malaria Commission, and by other authorities; that there were large schemes of water-supply and drainage, none of which could be attended to or undertaken for want of funds.

"Now, Sir, what I put before the Council is this. Here was this occasion, when by mere good luck we had got unexpectedly large sums, and would it not have been the proper thing to do to have applied the whole of the surplus to purposes of such an important character as Education, Sanitation and medical relief?

"I am in complete agreement with my friend thus far that I consider that the surplus which has been realised this year should have been applied not to the reduction of debt. As to the actual application of the money, there is a slight difference. I would apply it firstly to the advancement of the purposes which I have just indicated, and in the alternative to the formation of an Opium Fund. However, what has to be done with the money when obtained, how you apply it, may well be treated as a matter of detail. But I do consider this thing of importance that, when our national debt is not of such magnitude as to cause us anxiety, when we find that the real unproductive debt is about 37 millions,—it is less than half of our net revenue,—whether in these circumstances the needs of the country should not receive greater attention than Government were able to devote to them.



"We had the other day the Educational Conference at Allahabad, and there large educational schemes were informally considered. All those schemes require vast amounts of money. I thankfully admit that considerable provision is proposed to be made in regard to some of them. There are £601,000 proposed to be allotted to that purpose. But after all, Sir, what are £601,000 to such a country as India, which is so far behind the rest of the civilised world in regard to technical education and in regard to primary education? Those are our great needs, and what is proposed to be given would be barely sufficient for tiding over the present difficulties. When we consider that on one such institution in England as the Manchester Municipal School of Technology nearly 45 lakhs were spent, what is proposed to be granted to our institutions is hardly sufficient to serve more than the present purpose. We have to make provision for technical education; then there is also the other question which has come into great prominence, namely, the provision for enlargement of school buildings and college buildings and hostels both for secondary schools and colleges; and we have also the great question of the education of the masses. Well, all these things require larger sums than are at the disposal of the Finance Minister, and I therefore urge this before the Council, that the surplus which we had obtained need not, and should not, have been applied to the reduction of debt as it has been. I am afraid that it might be said that the Government have already applied the surpluses in the manner stated in the Financial Statement. Therefore, it is as Mr. Gokhale has pointed out, it has become necessary for Government to consider whether the present rules of debate do not stand in need of alteration. But putting that question aside, what I would say is, that the amount which has been taken away from the surplus for the purpose of the redemption of debts should be brought back, and that for doing this an equivalent loan should be raised which should be applied, either, as Mr. Gokhale suggests, for the purpose of forming an Opium Fund to meet the day of difficulties and anxiety which is not very far off, or, as I would preferably wish, for the purposes of further advancing Education, Sanitation and Medical Relief."

The Hon'ble SIR VITHALDAS D. THACKERSEY: "Mr. President, I support the resolution moved by the Hon'ble Mr. Gokhale. On the face of it the resolution sounds somewhat alarming to a financier, because it says that instead of raising 5 millions we should raise 7 millions. When we know the difficulty of raising money, it is very alarming to hear that we should try to raise 2 millions more. But, as Mr. Gokhale has explained, his object is not to raise extra money but to keep the capital debt the same, and to utilise the 2 millions as a nucleus of a fund for future emergency. That being the real object, Sir, I think it is a great advantage to keep these 2 millions as a reserve, particularly when we know that the method at present followed by our Finance Member, perhaps under the orders of the Secretary of State, is that we pay out of current revenue all the capital debt for Railways in the shape of annuities. The capital debt which is paid off by annuities during the year is, as Mr. Gokhale points out, £800,000, and in addition to them every year's surplus is also devoted to the redemption of debt. The effect is that, whenever there is a surplus, that surplus is devoted to the reduction of Capital debt, and, whenever the Finance Member anticipates a deficit, he comes forward with extra taxation. I quite realise that it is difficult to estimate in a large country like India the exact estimates: they may vary for 2 or 3 crores this way or that way, and the Finance Member naturally is over-cautious in order to see that, at the end of the year, he has not to show any deficit. But when this over-cautiousness brings in a surplus, it ought to be utilised for relief in the next year, or in future years, rather than in the reduction of debt. It is unfair to the taxpayer that we should put on large taxes for the reduction of debt and when deficits come in we should still put further more. That is to say, the taxpayer in good years is taxed far beyond the requirements of the administration in order to produce a surplus. In bad years his burdens are still further increased to make the two ends meet. It is obvious that this is hardly just. The first principle of sound finance is that the State should take as little as possible from the subject consistently with the requirements of the country. I am afraid our policy amounts to a reversal of this

maxim and that we really proceed on the principle of taking as much out of him as possible. Now, Sir, no man of common sense would say that the discharge of debt is not a most important duty of a Finance Minister; but surely there are well recognized rules by which this ought to be regulated; otherwise the Finance Minister may increase taxation to any extent, put an additional rupee on salt, raise import-duties and scrape every penny he can from other sources and devote the whole of the yield to repayment of debt. What I suggest is that we should take stock of our position, find out what the exact amount of our debt is, and establish something like a proportionate sinking fund on scientific principles. So far as I have been able to gather, our total capital debt is £278 millions, of which only 33 is unproductive while the rest is productive, such as on Railways, Irrigation and loans to local bodies, etc. The interest charges on the unproductive portion of 33 millions is at  $3\frac{1}{2}$  per cent. £1 $\frac{1}{2}$  million. The net profit of the productive debt after providing interest and working expenses is over 2 $\frac{1}{2}$  millions; so that if we take our debt transactions as a whole, as they ought to be taken, we have a net surplus amounting to £1 $\frac{3}{4}$  million or over two crores of rupees. That is a very sound financial position and there is no necessity whatever for raising further amounts by taxation for the repayment of debt. At present we have already been paying out of revenue over £800,000 or nearly Rs. 1 $\frac{1}{4}$  crores in the shape of annuities for the redemption of capital debt, and at this rate the whole of our unproductive debt, 33 millions, would be wiped off within one generation. I am not taking into consideration the 75 lakhs of rupees that we provide every year out of revenue for famine insurance. What more can we expect one generation to pay? Mr. President, it may be said that these two millions with which we are now dealing is a windfall from opium. But, Sir, I will remind the Council that last March extra taxation was put on the country for the avowed purpose of making up any loss from opium. The non-official Members clearly showed that opium-revenue was under-estimated and that additional taxation would result in a large surplus at the end of the year. Therefore there is nothing of a windfall about the surplus which is clearly the result of the new taxation, and it is the surplus occasioned by this new taxation which it is proposed to devote to reduction of debt, which I say is hard upon the taxpayer. I beg therefore that Government will see their way to make the 2 million pounds a nucleus of a reserve fund to be drawn upon in case of future deficits before imposing extra taxation.

“With these few words, therefore, I support the proposition of the Hon’ble Mr. Gokhale.”

The Hon’ble MR. MADGE: “Sir, I am almost afraid to support the Hon’ble Mover of this resolution, lest after having accepted my humble support he turns round and blames me for the manner in which I rendered it. Still, I do not think that a surgical operation will be necessary in order to understand the simple reasons for which I support one-half of this resolution and try to show where I think the other half is rather feeble. I have heard it said that, when you have a sound reason to offer in support of any great scheme, you ought not to dilute its strength by offering another reason, however good that may be; for the chances are as ten to one that the two reasons will be mutually destructive to a certain extent. Where such claims as those of Education and sanitation and medical relief are put forward, everybody will agree that they ought to be amongst the first charges upon the revenues of the country; but in the first part of this resolution we are not dealing with the regular revenues of the country, which, whether financial experts differ about calling it a windfall or anything else, comes to us from a particular source; and I think it is very sound policy to devote what comes to us from that source to its own separate head. I am of those who may or may not be called opium fanatics; but I have always questioned the morality of this revenue. But this is not the time to discuss that matter. I do think, Sir, that the Hon’ble Mover is perfectly sound when he asks that everything that we get from the opium-revenue should be husbanded in such a way as to meet the great strain that will be thrown upon our finances when that revenue ceases to exist.”



The Hon'ble MR. MESTON: "The Council are indebted to the Hon'ble Mr. Gokhale for the brilliant sleight-of-hand with which he played upon the figures of our various surpluses. There was a good deal in the play, however, to which he treated us about the opium-surplus which I hardly think was necessary. There is no mystery or juggling about our opium-surplus. We displayed our opium figures separately in all simplicity, mainly on account of the discussion that took place on that subject last year. The Council appeared to think that it would be prudent, on the Hon'ble Member's advice, to set a limit to our normal and reasonable opium-revenue for the year and to allot any excess that we may get over that limit to specific purposes. That is exactly what we did. We fixed the limit practically at the budget figure of 7 crores and we tried to explain to the Council that the excess of roughly 3 millions was being spent in a particular way. The Hon'ble gentleman does not accept the propriety of the way in which it is proposed to spend it; but that does not affect the principle of the discrimination between our opium excess and our ordinary surplus which he tried to establish.

"The motion, Sir, which the Hon'ble Member has placed before the Council is a recommendation in favour of a larger loan, and although the Hon'ble Member has told us that he does not really want a larger loan, still we know that resolutions are sometimes taken very literally. The rules, according to the Hon'ble Member, compel him to put his case in the form of a parable. A parable is a two-edged sword in some people's hands and there is always some danger that subsequent readers may interpret it as meaning exactly what it says. So what I propose to do, if the Council will allow me, and as the resolution has to remain in the proceedings of the Council in this particular form, is first of all to avoid misconception by answering the resolution literally before going on to discuss the inner meaning which the Hon'ble Mr. Gokhale tells us that it contains.

"The proposal, as it stands, advises us to borrow 2 millions more in England and in India than we actually require for next year's work. Now this, in the first place, we must resist as impracticable. It would be quite out of the question to increase our rupee loan by so large an amount as 2 millions; and the Secretary of State in Council, whose decision as to the capacity of the London market for absorbing fresh Indian loans we have to accept, would not thank us for any proposal to make this large addition to the amount which he intends to raise in sterling. In the next place, the proposal taken literally is open to serious objection on the grounds of economy. We are asked to borrow 2 millions now which will be used for expenditure at some future indefinite period. In the meantime, until the necessity for using the money arises, we should have to pay interest on the loan or, if we invested the money, to take the usual risks of buying cheap and selling dear. Why should we borrow before the necessity actually arises? Why saddle ourselves with interest or possible loss for an indefinite period? The market will still be open to us when the opium-revenue disappears. In the third place, attractive though the proposal for an Opium Fund at first sight seems to be, I am not quite convinced that it would be good business. The existence of a fund or reserve is often a real danger. Government after all is a very human organisation; and the influences which make for economy are by no means always as strong as the influences which make for expenditure and even extravagance. So long as it is known that Government, however hard up we, in the Finance Department, may pretend to be, have a large reserve for future expenditure, the temptation to draw upon that reserve is very great, and the tendency is to overrule pleas for caution and economy. If there is no such reserve, heavy new expenditure may mean new taxation or specific borrowing; in which case the powers of economy are enormously strengthened and the voice of caution has a chance of being listened to. It is thus in no spirit of temporising that I urge the wisdom of postponing the attempt to build up a cash reserve against the losses which the decline of our opium-revenue may involve in the future. There is much that we can do, and are doing now, to discount those losses in advance; there is much expenditure to curtail: there are other resources to develop. But even if the losses come upon us sooner than we expect, and even if they find us short of

complete readiness to meet them, we shall not even then be at the end of our resources. When the time of transition comes, we may be able to carry over it, as we have done before, by temporarily increasing our unproductive debt or by postponing its reduction, or by taking such other measures as the Government of the day, with the advice of the Council of the day, may determine to be best suited to the circumstances.

“There is thus to my mind a very strong case indeed against the proposal to create an Opium Fund. But the Hon’ble Mr. Gokhale has given us an alternative. If we do not like the Opium Fund, he would be ready to use the borrowed money on initial expenditure, upon Education, Sanitation and Medical relief. There is of course, as the Hon’ble Mr. Madge has said, no one in this Council who will say a word against the merits of these claims upon us. The large grants for them which have been made in the current year are surely sufficient evidence of the Government’s practical sympathy with the objects which the Hon’ble Member has at heart, and it is most improbable that there will now be any going back from the forward policy which has thus been started. But when it comes to the question of the appropriate method of financing those reforms, it is just as well to consider exactly how we stand. When the Government of India have borrowed in the past, except in the event of war or other calamity, they have borrowed for works which will in a reasonable time return sufficient profits to cover the interest on the loan. Are the Government of India going to abide by that safe conservative tradition and confine their loans to loans for productive works, or are they going in the future to borrow for schools and hospitals as well? It is true of course the schools and hospitals are productive assets in the moral balance-sheet of the nation; but when you get into the moral balance-sheet, you are apt to drift into metaphysics, and metaphysics is a tricky cargo in the financial ship. It is a well-established practice to borrow only for works where we can measure the actual cash return; and if we were to abandon that practice and start loans for schools and hospitals—and if for them, why not also for roads and court-houses and jails and for the army?—then we should be embarking on a new policy and a policy of doubtful wisdom. He would of course be a bold man who would prophesy that the financial methods of the Government of India will endure in this mutable world for all time; but at present those methods are all against any increase of our permanent debt on purposes of social reforms, the expenditure on which is veiled in the mists of the future.

“This much for the literal interpretation of Mr. Gokhale’s motion which I submit that the Council ought not to accept in the form in which it stands. But the Hon’ble Member has explained that there is a somewhat different purpose behind the circumscribed terms of the resolution. He does not really want us to increase our borrowings next year; but he disapproves of our using a part of our Opium receipts in the reduction of our temporary debt. Now, Sir, what are the facts which the Hon’ble Member complains of? They are these. In 1908-09 we had a large deficit owing to various causes with which the Council is thoroughly familiar. The result of the deficit was that we had to run up bills, which we were unable to meet during the year. We have now had a windfall, unforeseen and unlikely to recur. What we propose to do is to pay off these bills from this windfall, and thus to place ourselves in the same position as if there had been no collapse of our revenue in 1908-09. Surely this is in accordance with the duty of a prudent Government or individual. What would a private individual do in similar circumstances? Suppose he owed money to his baker and his tailor and his shoemaker, and suppose he were suddenly left a small legacy; would you advise him to spend his legacy in buying a motor car, while his bills run on and run up? Or would you advise him to satisfy his creditors first and be content with a pony-cart? I am quite sure what my Hon’ble friend would do in such a case in private life; and why should he ask Government to act differently?

“From this homely analogy to the wider question which Mr. Gokhale has raised however is a big stride. What he has pressed on us today, with his usual wealth of statistical knowledge, is what he has so often urged in this



Council before, that we are in far too great a hurry to reduce our unproductive debt. I am afraid that in this respect, between the conservatism of the Finance Department and the radical optimism of the Hon'ble Member, there is a great gulf fixed over which I cannot pretend to throw a bridge. Mr. Gokhale honestly believes that we make a fetish of this reduction of our unproductive debt; that we might very well stay our hands in the work of reducing it and allow the money which we divert for that purpose to be otherwise and better employed. We on our side believe equally honestly that the presence of our unproductive debt is an incubus and that its growth is a danger to be averted to the best of our ability. We believe that in steadily striving to reduce it we act in the country's best interests. We reduce the dead weight on the taxpayer and we strengthen what Mr. Gokhale calls the shibboleth of the credit of India. There is much in which we may ask posterity to share with us; but posterity will have burdens enough of its own when it comes to carry them, and the less we throw upon posterity the truer service we render the country.

"I accept the Hon'ble Member's figures, with one reservation that I shall keep until we come to another resolution of his which stands on the agenda. I admit that in the last twelve years we have made remarkable progress in wiping out our unproductive debt. I agree that in the future we may not be able to reduce it at the same pace and that there is much to be said for introducing greater system into our Sinking Fund payment as Mr. Gokhale urges us to do. But that we should maintain a Sinking Fund, and on a liberal basis, seems to me absolutely essential. I cannot agree with my Hon'ble friend that we make too much ado over the credit of India. I cannot agree with him that the credit of a country is a Western formula and has no application to India; for, in my humble judgment, her credit is just as essential to her welfare as her education, or her technical skill or her industrial development, and her credit is built up in many laborious ways, of which the extinction of her unproductive debt is only one."

The Hon'ble MR. GOKHALE : "Sir, I should like to say a few words in reply to what the Hon'ble Mr. Meston has said, before this resolution is put to the vote. The Hon'ble Member began by giving me credit for sleights-of-hand and feats of jugglery of which I have considered myself more or less innocent. However, I should like to know where the sleights-of-hand and the jugglery have come in. So far as the two surpluses, the Opium surplus and the non-Opium surplus, are concerned, I only wanted to know why the Department had set apart one million for Education and Sanitation from the Opium surplus instead of from the other surplus in which there was a margin for it. The Hon'ble Member could then have kept the whole of the 3 millions of Opium surplus intact. He could still have given us the money for Sanitation and Education; he could still have made those grants to Local Governments of about a crore and four lakhs for various specific purposes, and yet he would have had a non-Opium surplus of half a million. I wanted to know why, instead of adopting this simple course, the other course has been adopted by the Government; but no answer has been forthcoming to that; and instead of giving the explanation asked for, the Hon'ble Member describes my presentation of figures as a feat of jugglery. However it is a small matter, and may well rest where it is.

"So far as the policy of providing a sliding scale of diminishing revenue for Opium is concerned, I entirely approve of it. I suggested that course myself last year, and I am convinced that that is the only safe and sound course. The question is, what is to be done with the surplus that you get over and above the revenue of this sliding scale? The Hon'ble Member said the Government would devote this excess just now to reduction of debt, and, when the time comes, they would consider what they should do—whether they should again raise their unproductive debt, or adopt such other means as in their wisdom and with the advice of the Council they might think proper—which means impose additional taxation, which they are sure to do. Sir, I have been following Indian finance for the last 25 years with some interest, and if I know one thing, it is this. Whenever there is a deficit, the occasion is straight away utilised by the Government for imposing additional taxation; but, on the

other hand, surpluses have been rarely followed by a remission of taxation. It is only when it becomes absolutely impossible to maintain the old level of taxation any more, that remissions are granted to the people, and that very tardily. The reason for this is obvious. The Department does not care to relinquish its hold on the money, if it can help it. Public opinion in the country is weak. There are no electors here to win over, to placate, or to please, and the Government, having the money, do not want to let it go.

"Sir, the Hon'ble Member has said a good deal as to the form of my resolution; but I really think he need not have spent so much of his energy on it. He knew quite well what I had in my mind, and indeed, last year, it was he himself who put me in the way in this matter. I was then in a difficulty as to how to raise a similar question, and the Hon'ble Member came to my rescue and pointed out to me how I could get round the rules and raise the discussion. I then followed his advice and was very grateful to him for it; and all I have done this year is to adopt the same course again. He knew what I had then in view, and he knows what I have in view today; and therefore all that he has said just now about not raising any more loans, about the inadvisability of adding to our indebtedness, was really somewhat unnecessary.

"Then, Sir, the Hon'ble Member says that, in the opinion of the Finance Department, with its conservative view in this matter, a reduction of debt is the wisest policy to pursue in such circumstances. Our debt, however, is extremely small, and my question is, how much do you want annually, as a sinking fund, to reduce this debt still further? Next year, for instance, you have already provided 2 crores for the purpose out of the ordinary revenue of the country. Are you not satisfied with that? Do you want 3 crores, 4 crores or 5 crores every year in order to reduce this debt of 37 millions? The Hon'ble Member has not attempted any reply to that. Of course a small debt is a most convenient thing for official speakers on the subject of Indian finances. It provides exceedingly good material for glowing periods to adorn the perorations of official speakers on the subject of the management of Indian finance whether here or in Parliament. But that is hardly any consolation to us who want so much money in so many directions for those pressing and all-important objects that I have mentioned. As to whether we can spend large sums on non-recurring purposes usefully, I think the Hon'ble Member may ask the Hon'ble Mr. Butler. After the Conference that we had at Allahabad recently, I am quite sure that the Hon'ble Mr. Butler would at once give him a programme that would show that not one but 10, 15 or even 20 millions could be usefully employed as non-recurring expenditure in the directions I have indicated. It is quite true that two years ago we had a deficit. But is that a fair way of putting it? We had a deficit two years ago; but the deficit came after 10 years of surpluses. Why does the Hon'ble Member take 1908-09 as the starting point? Why does he not take a point two or three years before that? You had 10 years of surpluses during which period you realized—you will find, if you will refer to the returns—a total of about 26 millions as surpluses. After 26 millions of surpluses had been realised you get one year of a deficit of 3.74 millions; after which you again have two small surpluses. And you insist on making up for the one deficit by devoting to paying it off succeeding surpluses, regardless of the fact that there have been 26 millions of surpluses behind. It only means that whenever you have money, you want to devote it to the reduction of debt, because somehow that is the ambition of every Finance Minister; and when you have a deficit, you keep that deficit before the public till you are able to get some more money to wipe it off. I really think, Sir, that the country has a right to complain of this policy. I am speaking of the general policy followed year after year in this matter, not of the policy adopted in this particular Budget. I have already expressed my great satisfaction as to some of the principles laid down and the dispositions made in this Budget. We are grateful to the Hon'ble Finance Member for what he has done, for he has done what we did not succeed in inducing any previous Finance Minister to do. He has given us a million for Education and Sanitation, and those of us, who have been raising our voice in favour of such a grant year after year these several years, surely we are not likely to be wanting in



gratitude to the Hon'ble Member for this. But the Hon'ble Member does not yet go far enough. One million is good, but three millions would be better. If he would set apart these 3 millions to constitute an Opium reserve, then I do not want them for the other purposes mentioned; but if you are going to use the money for reducing debt, we deem it our duty to protest. As my friend, Sir Vithaldas Thackersey, has pointed out, if you devote 2 crores a year to the reduction of debt, you would be able to wipe off the whole amount in the life-time of a single generation. My friend was not right about the 75 lakhs. The total amount under Famine Insurance is 150 lakhs, of which half is devoted to protective irrigation, when there is no demand for actual famine relief, and the other half, that is, 75 lakhs, is devoted to a reduction or avoidance of debt. Therefore, that sum is generally available for reducing debt along with the amount that is provided for the redemption of Capital under Railways.

"Before resuming my seat I would request you, Sir, to put the resolution to the vote in two parts, under rule 16. Rule 16 says 'if any resolution involves many points, the President at his discretion may divide it so that each point may be determined separately.' I recognise the force of some of the observations of the Hon'ble Mr. Madge. There may be other Members who would be willing to support me in my proposal about an Opium Reserve Fund, but who would not care to have the whole of the money assigned to Education, Sanitation and Medical Relief. I am therefore quite prepared to ask, Sir, that you, in your discretion, may put the two parts of this resolution to the vote separately; namely, first, that the 2 millions be devoted to the creation of an Opium Fund; and, if that fails, then that it should be devoted to Sanitation, Education and other purposes."

The Hon'ble SIR GUY FLEETWOOD WILSON: "Mr. President, the two main features which have been brought forward in support of this resolution are the question of the way in which a Sinking Fund is to be worked and the question as to whether or not debt should be paid off.

"Before taking these two points, I should like to say that the Hon'ble Mr. Gokhale said that no Government, so I understood him, will borrow to meet current expenditure. I am afraid we have a recent experience of a Government having done that as recently as 1908-1909, and that is one of the reasons why we have a temporary debt. He also said that our credit was so good that we could afford to let the debt run, and that he, for many years, has been advocating that we should not pay off this debt, notwithstanding which the Government have adopted the practice in the past, as I hope it will adopt the practice in the future, of paying off debt. It is probably because that practice has obtained in the past that our credit is so good at the present time, and I hope that if we continue that practice our credit will increase.

"Another thing that struck me was that a point was made that the debt of this country was immeasurably smaller than the debts of Western countries. Well, I hope it is; because not a day passes in this Council or outside it that it is not impressed upon me most forcibly by every Indian Member that I come across that this country is such a poor country that it cannot pay its own debts and should get indulgences of a pecuniary character on every possible occasion. Therefore I think we should be very chary of adding to the debt or allowing it to run on since we are told that this is a very poor country. Mr. Meston has dealt very fully with this resolution and I do not think there is any reason for me to take up the time of the Council, which has important work before it, with any further remarks; but I should like to say to my Hon'ble friend that I am quite willing to consider his proposal in regard to a fixed Sinking Fund. It is a very important question. The very fact that a man of my Hon'ble friend's standing and knowledge should advocate it, in itself justifies full attention being given to it, and I think it is quite right that we should consider his proposal for a fixed Sinking Fund in place of the fluctuating amounts which go in one way or another to bring about the redemption of an unproductive debt. I shall make a special point of

considering his proposal during the summer. So much for what I think was one of the features of his speech.

"In regard to the other, the question of paying off the debt, I will merely say that I differ entirely with the Hon'ble Member in regard to the liquidation of temporary debt. After all, every honest commercial house which is unable to meet its engagements and has to discount bills in a lean year considers it to be its honourable duty to take up those bills in a prosperous year, and even the most impecunious South American Republic makes an effort to redeem its temporary debt; and in adopting the course which we have adopted, I believe the Government of India will have behind it the approval of every sound man of business in England or in India. I am sorry that I cannot accept the resolution."

On the first part of the resolution down to the words "Opium Fund" the Council divided as follows:—

*Ayes—15.*

The Hon'ble Pandit Madan Mohan Malaviya; the Hon'ble Nawab Abdul Majid; the Hon'ble Raja Partab Bahadur Singh of Partabgarh; the Hon'ble Maulvi Shams-ul Huda; the Hon'ble Sir Bijay Chand Mahtab, Maharajadhiraja Bahadur of Burdwan; the Hon'ble Mr. Sachchidananda Sinha; the Hon'ble Mr. Haque; the Hon'ble Nawab Saiyid Muhammad Sahib Bahadur; the Hon'ble Mr. Subba Rao; the Hon'ble Mr. Gokhale; the Hon'ble Mr. Mudholkar; the Hon'ble Mr. Madge; the Hon'ble Mr. Chitnavis; the Hon'ble Mr. Dadabhoy; and the Hon'ble Sir Vithaldas D. Thackersey.

*Noes—39.*

His Excellency the Commander-in-Chief; the Hon'ble Mr. Carlyle; the Hon'ble Mr. Butler; the Hon'ble Mr. Syed Ali Imam; the Hon'ble Mr. Clark; the Hon'ble Sir Guy Fleetwood Wilson; the Hon'ble Major General Grover; the Hon'ble Mr. Earle; the Hon'ble Mr. MacLagan; the Hon'ble Sir Lionel Jacob; the Hon'ble Mr. Porter; the Hon'ble Mr. Robertson; the Hon'ble Mr. Brunyate; the Hon'ble Sir Henry McMahon; the Hon'ble Mr. LeMesurier; the Hon'ble Mr. Holms; the Hon'ble Mr. Meston; the Hon'ble Mr. Fremantle; the Hon'ble Mr. Todhunter; the Hon'ble Surgeon General Lukis; the Hon'ble Mr. Graves; the Hon'ble Mr. Macpherson; the Hon'ble Mr. Andrew; the Hon'ble Mr. Quin; the Hon'ble Mr. Birkmyre; the Hon'ble Mr. Graham; the Hon'ble Mr. Monteath; the Hon'ble Sir Sassoon David; the Hon'ble Mr. Phillips; the Hon'ble Mr. Gates; the Hon'ble Maung Bah Too; the Hon'ble Lieutenant Malik Umar Hayat Khan; the Hon'ble Lieutenant-Colonel Davies; the Hon'ble Mr. Slacke; the Hon'ble Mr. Stewart Wilson; the Hon'ble Mr. Dempster; the Hon'ble Sir T. R. Wynne; the Hon'ble Mr. Kenrick; and the Hon'ble Mr. Kesteven.

So the first part of the resolution was rejected.

The second part of the resolution was then put and rejected.

#### TOBACCO-DUTIES.

The Hon'ble MR. MAZHARUL HAQUE: "Sir, the resolution that stands in my name and which is numbered (2) in this List of Business is substantially the same as the motion which I had the honour of submitting to this Council on the Tariff Bill. Sir, that motion you were pleased to rule out of order on the ground that it could not be treated as an amendment. As a matter of fact it was a substantial proposition of mine in rejection of the Bill itself, and I do not think that there was anything in it to be ruled out of order. Of course, I had to bow to the ruling of the Chair, but I gained my object. There was a full discussion; my Hon'ble friend Mr. Gokhale supported me, and the Hon'ble the Finance Member was kind enough to reply. Therefore, I do not consider that there is any necessity to move this resolution, and so I crave leave to withdraw it."

Permission was granted.



## FEES IN PRIMARY SCHOOLS.

The Hon'ble Mr. MAZHARUL HAQUE: Sir, I beg leave to move the following resolution for the consideration of this Council. The resolution runs thus :—

‘That this Council recommends that the grants to Local Governments be increased by such an amount as will enable them to remit the fees payable in Primary Schools for the coming year.’

“I confess that I feel a little nervous in moving this resolution, and the cause of my nervousness is that I have already been threatened with being called to order several times in my speech. However, the call of duty is paramount, and I intend to speak what I have to say. Sir, this resolution aims at a very small beginning to be made in the advancement of that grand scheme of free and compulsory education which was so ably moved by my Hon'ble friend Mr. Gokhale in his speech last year, and to which I gave my humble but whole-hearted support. Our ideal is that education should become universal in India, and that every unit of the community—young or old, man, woman or child—should know how to read and write his own language and to keep his own accounts. That is our ideal and we intend to work for it, live for it, till we secure it. We may not succeed to-day, we may not succeed to-morrow; but we are bound to succeed sooner or later, if only the full force of public opinion is brought to bear upon the Government. Sir, this Council is aware that in 1906 the Government of India were themselves very strongly of opinion that fees in primary schools should be abolished. Sir Herbert Risley, in his letter to Local Governments, dealing with the subject, wrote thus :—

‘If the Government of India have never declared that universal primary education is the aim in view, yet the whole spirit of their declarations has been in favour of the fullest possible provision of primary schools. To insist upon the permanent retention of fees is manifestly incompatible not only with universal school attendance but with anything that approaches to it. They would therefore desire to abolish fees as soon as the finances of the country permit Government to increase the funds available for primary education to such an extent as to counteract the loss of income which would thereby fall upon these schools. The Governor General in Council hopes that this time has now arrived, but he desires to examine the question in the light of the replies to the enquiries made in this letter regarding the cost of the scheme.’

“There could not be a more clear and definite expression of the views of the Government than that contained in this passage. They say that the time has come for the abolition of fees in all primary schools, but they want to know the probable cost of the scheme.

“Such were the views of the Government of India in November 1906. Since then the personnel of the Government has entirely changed and we have not a single Member of that Government who had taken part in the letter of Sir Herbert Risley. We do not know the views of the Hon'ble Members who now have their seats on the Ministerial Bench; but we may take it that they cannot with any propriety altogether repudiate the views of their predecessors. What they can do, and perhaps will do, is to take shelter behind the opinions of the Local Governments. To meet them on their own ground, I have taken the trouble of going through the bulky volume of the papers issued by the Home Department, a copy of which has been so kindly supplied to me by my esteemed friend, the Hon'ble Mr. Earle, to whom I offer my thanks for his courtesy. These papers are really worth perusal. On an analysis of all the opinions on the subject, I find that Madras, Eastern Bengal and Assam and the North-West Frontier Province enthusiastically support the scheme for the abolition of fees in all primary schools, while Bombay, the United Provinces, Burma, the Central Provinces, my own province of Bengal, and the Punjab oppose it. So that out of 9 administrations consulted, only 3 support the measure and the rest are opposed to it. The opposition is mostly based upon the fact that the money would be better spent on the extension of the schools in backward areas and the bettering of the teaching staff and the inspecting agencies than in the abolition of fees. But these are the personal opinions of the heads of these provinces. The people are practically unanimous that education should be made free. Thus the Chief Commissioner of the Central Provinces writes, ‘with the single exception of the Akola Municipal

Committee, all the local bodies of the Central Provinces and Berar have welcomed the proposal to make primary education free, and the majority of these have also been inclined to favour it.' The Lieutenant-Governor of the Punjab says that the proposal is of no practical importance in his province because there primary education is already free so far as the agricultural classes are concerned. The letter of the Bengal Government says that 'the weight of opinion is in favour of the abolition of fees,' and goes on further to say that 'as to the desirability on general grounds of abolishing fees in primary schools, there can in Sir Andrew Fraser's opinion be no doubt.' I should like here to refer specially to a few very valuable opinions given by high officials of Government. The Hon'ble Mr. Earle was then Director of Public Instruction in Bengal, and he in his reply, after raising certain objections from the educational point of view, goes on to make these pregnant observations. I hope my Hon'ble friend will give his attention to me. He may have forgotten these observations; it is such a long time since he made them. He says :

'I am not however inclined to regard this question from a purely educational point of view. I think that the need of obtaining control over primary education at once is stronger than that of improving existing schools and establishing new schools in backward areas, strong though that need is. We have seen what has been the result in the past of leaving secondary education practically to look after itself. That class of education is, as officers and people recently consulted on the subject unanimously agree, in a deplorable state of inefficiency. In brief, the chief causes have been a policy of non-interference and meagre grants-in-aid. The immediate consequence of a bad system of secondary education has been the poor character of the men turned out of the colleges. Fortunately, the Government of India have now taken this subject in hand, and a scheme is under preparation which will involve very considerable expense on secondary education, with corresponding increase of control over secondary schools. This result will be entirely beneficial. The scheme for the abolition of fees in primary schools, if adopted, will give Government a similar control over primary education. Not only this, but the scheme will also lead at no distant date to that extension of primary education which, as all are agreed, is a most pressing need. Fees having been abolished, aided schools having become publicly managed schools, and unaided schools having been taken on to the aided list or having become publicly managed schools, strong pressure will be brought by the residents of areas where there are no schools for the establishment of schools in those areas. The abolition of fees seems therefore to me to be only the first of a series of efforts, all involving an extension of primary education and of control by Government. I recommend therefore that if possible the entire scheme may be carried through.'

"Sir, I am supported in my views by the opinion of the Hon'ble Mr. Earle, who at that time held the responsible charge of education in the province of Bengal. It is difficult to add any argument of my own to his statesmanlike handling of the question, and I hope that my Hon'ble friend will use all his official influence with the Members of his Government so that they may accept my resolution. The Hon'ble Mr. LeMesurier, our colleague in this Council, and Mr. Sharp, the then Director of Public Instruction in Eastern Bengal and Assam and now Secretary to Government in the Education Department, were also very sympathetic, and I have no doubt will support me now. Sir, as a Musalman, I have been specially gratified that not a single Musalman gentleman or Musalman Association whose opinions were asked and whose replies are incorporated in those papers gave an unfavourable opinion. This will show that a large volume of official opinion is on the popular side. On a previous occasion in this Council I have already referred to the resolutions passed by the two principal Associations in India, the Indian National Congress and the All-India Muslim League, in favour of adopting a system of free primary education for the whole country. Thus we have a unanimous people backed by numerous high officials of the Government demanding this great reform. Sir, I should like to deal with the opinions of His Excellency the Governor of Bombay and His Honour the Lieutenant-Governor of the United Provinces. His Excellency the Governor of Bombay says that education should be made compulsory before it is free. But I do not see that there is any connection between the two. It is perfectly true that where you have introduced the element of compulsion, there must be free education. But it does not necessarily follow that where you have got no compulsion, there should not be free primary education. And the same may be said as regards the reply of His Honour the Lieutenant-Governor of the United Provinces. He says first of all you ought to have universal primary educa-



tion before you make it free. I most respectfully differ from him in that respect. In my opinion, unless you make education free in this poor country, you cannot make it universal. Yes; primary education cannot become universal until you make it free. There remains the question of cost. In the last quinquennial report on education the sum of Rs. 32,06,000 is shown as realized from fees. Surely this is an amount which the Hon'ble Sir Guy Fleetwood Wilson can easily afford for such a noble object. I am sorry to find that my Hon'ble friend is not here; but his able lieutenant the Hon'ble Mr. Meston is here, and I hope he will note what I have to say. The Hon'ble Finance Member can no more plead poverty or shortness of funds. It would be rank ingratitude on our part not to recognize the substantial help given to Education by his handsome grant of nearly a crore of rupees. Indeed, we are sincerely grateful to him for his generosity. He is the first Financial Member who has translated principle into action. But I must tell my Hon'ble friend that on this question of primary education we shall not be satisfied by mere non-recurring grants, however large they may be: what we want is that a definite policy should be laid down which should be persistently kept in view till the whole country is supplied with free primary education. The effect of my resolution is a move in this direction. The time has come when the Government should no more shirk their duty as regards this all-important question. It is not to the advantage of Government that a vast population of teeming millions should remain steeped in ignorance. While it is dangerous for the one, it is wasteful for the other. Sir, I shall not take any more time of this Council and I beg to move my resolution."

The Hon'ble LIEUTENANT MALIK UMAR HAYAT KHAN: "Sir, as the resolution which is now put forward deals with free primary education in which the landholding classes whom I have the honour to represent are directly or indirectly concerned, I should be failing in my duty if I did not offer a few remarks. I think, when the new Department has been created for the purpose, we should let matters alone for a while and give it a trial, and if then things are found unsatisfactory, such a resolution can easily be brought forward.

"Education on an extensive scale is a question which will decide the destinies of India one way or the other, and to deal with it in an off-hand way by moving a resolution would be merely rushing things. I think the education which has hitherto been imparted in our schools is surely not the best, which is evident from the stuff it has produced. Defective primary education on a big scale would be worse than defective higher education, because the ignorant people thus produced would just learn how to read and write and any mischievous paper could lead them to acts which might be attended with serious consequences.

"Again, to draw off all the people from their forefathers' occupations and to be unable to provide them with any other suitable openings is a gross mistake. It has already been committed and the results are evident. The resolution as it stands may look very nice till the secret is revealed. The question is, where would the increased expenditure come from? Surely from the Government revenues, which are mainly contributed to by the agriculturist classes. An agriculturist who has only one *bigha* of land out of which he may get some twenty or twenty-five rupees a year has to pay land-revenue; while a trader who may earn a thousand rupees a year has to pay no income-tax, and this income also is generally derived from landholders. If free primary education is forced upon the people, it will mean that the trading and non-agriculturist classes will benefit at the expense of agriculturists. If, on the other hand, such classes paid fees, it would be only just, as they would be paying for an immediate benefit that they would be then deriving.

"Now, I have to say a word for the agriculturists and the difficulties they have to encounter in the way of educating their children. Owing to the increase in their numbers, their landed property is being divided and subdivided. An agriculturist's case is not like that of a clerk who goes to his office and gets a salary with which he can support his family who do not work; but a zamindar along with each and every member of his family has to

toil for his living. When he is working hard in the field and is ploughing, perhaps his wife may be cooking his food while his son of a tender age is taking out the livestock for grazing. If he sent this boy to school, he would have to get another man to do the work, whom not only he cannot afford to employ but in some cases it is impossible to secure. Then there is another difficulty. And that is that most of the agriculturists are obliged to reside near their lands which may be miles away from any village and perhaps at such a distance from a school that the boy cannot possibly go to the school and come back in a day and has to be maintained away from home at a cost which generally a zamindar could not bear. The agriculturist would thus be liable to a double check as it is called in chess, that is, he would be paying not only for extra labour in the place of his son but also spending another sum for the maintenance of his son, with the risk that when he is out of his control he may get so spoilt that he may be of no use to him in his occupation. When a boy or a man is doing some work, certain muscles of his are so developed as to fit him for that particular exertion."

The Hon'ble MR. MAZHARUL HAQUE : " May I rise to a point of order ? Free primary education has nothing to do with compulsory education."

THE PRESIDENT : " I think the Hon'ble Member may very well take free and compulsory primary education together as the Hon'ble Mover has done."

The Hon'ble LIEUTENANT MALIK UMAR HAYAT KHAN : " If a zamindar boy goes on working like his father, he will get hardy and be able to work efficiently ; while, on the other hand, if he is sitting down in the school and carrying on his studies, he cannot have that bodily development and his limbs will become so weak that he will be unable to follow his father's occupation and also develop a sort of false honour which will prevent him from doing such a work. Personally I have hitherto never seen a boy who, after having passed the primary examination, has ever done the work of an agriculturist with his own hands.

" In the interests, therefore, of landholders and in order that their money may not be squandered over non-agriculturists, who are comparatively well off, I have been obliged to oppose this resolution."

The Hon'ble MR. GOKHALE : " Sir, I wish to offer a few observations on this resolution which my Hon'ble friend Mr. Haque has moved. Sir, personally I do not wish to press the question of the remission of fees at this time of day. I may mention that I used to raise this question in this Council year after year for several years, and that the resolution of the Government, to which my Hon'ble friend referred today, was issued after a discussion in this Council, initiated by myself. However, in view of the expressions of opinion that have come from several Local Governments, it is necessary to consider how far the Government is likely to remit fees and make education free at once. Of course, no one will rejoice more than I if Government is able to remit fees and make education free. It is a matter of 32 lakhs a year to begin with—this remission of fees ; and if the Government so choose, they can do it. This would mean making it free first and compulsory afterwards, or it might be made compulsory first and free afterwards, whichever way we begin ; we have all to advance towards the same goal, namely, free and compulsory education for all the children in this country. I hope to introduce in this Council in a few days, if Government will permit me, a Bill to empower municipalities and local boards to make primary education compulsory within their areas. The Government have given a large non-recurring grant to primary education for next year. I wish the Government had at the same time given a recurring grant to primary education to be distributed among the provinces. A non-recurring grant, without a recurring grant to support it, is likely to be largely thrown away ; it will be spent on school buildings or it may be spent on buildings for training institutions : usefully spent, no doubt ; but in order to make it really effective, it is necessary to supplement it with a recurring grant. It may be that, as the Department of Education has been only recently created, it is not



yet ready with its programme and so the question of a recurring grant has been simply postponed, and possibly the Finance Department may be able to find money later. If that is so, I have nothing more to say ; but if there is no intention to find money for recurring purposes during this year, and if the Education Department is expected to wait till next year, then I would respectfully urge that it should not be so and that some provision should be made in the budget for next year for a recurring grant for primary education."

The Hon'ble BABU BHUPENDRANATH BASU : "I have much pleasure in supporting the resolution of my Hon'ble friend Mr. Haque. This question, as Mr. Gokhale has mentioned, has been brought forward in this Council as well as in the Local Councils on many different occasions. The question of expense has particularly stood in the way of Government. We have always had the assurance that if expense did not stand in the way, Government would not stand in the way. Government does not think so poorly of the stuff to which my friend the Hon'ble Malik Sahib has referred, and he has shown what that stuff is made of ; but what we want is not high literary education but simply, as my friend the Hon'ble Mr. Haque mentions, some knowledge of reading and writing and arithmetic. That is not much, and that would be useful even to the agriculturist. If he had a little more knowledge, he would be able to hold his own against the mahajan and the zamindar. Apart from that, however, and coming to the question of expense, it strikes one, when the vast population of India is considered, that free primary education would mean the provision of a fund which would be beyond the means of the Government of India to create. I respectfully submit that we should not be overpowered by that fear. In the first place, amongst the higher communities of India from time immemorial it has been the practice of paying something back for the education that is imparted to their children. It is an immemorial custom that the *dakshina* of the *guru* must be paid, otherwise the education is fruitless. The result would be that only the very poorest classes who are at present unable to pay any fees, or who pay very low fees, which do not swell our revenues to any appreciable extent, will be benefited, and in that view the question is surely one worthy of consideration. I would not suggest at the outset that this should be done throughout the Empire, but selected areas might very easily be taken up where the experiment might be tried, and where also the experiment which my friend the Hon'ble Mr. Gokhale has already insisted on being tried, *viz.*, of making primary education compulsory, might also be introduced. Neither my friend Mr. Haque nor I expect that this resolution would be carried ; but I think it is fair to us to say that we want to have this question prominently before the country and the Government, and that we want to bring it forward every year, not in the hope that it would be carried, but in the hope that its cause may be advanced notwithstanding the apprehensions of friends like the Malik Sahib."

The Hon'ble MR. SACHCHIDANANDA SINHA : "I had no desire to intervene in this debate at all and, but for the remarks of my friend the Malik Sahib, I do not think I should have trespassed on the time of the Council. I must express my surprise, however, to find him, a representative of the agricultural classes, oppose a motion the result of which, if carried, would be to enlighten the very classes he claims to represent, to make them a little more enlightened, and to make them understand and appreciate the blessings of British rule better than they do at present. I remember Sir Antony (now Lord) MacDonnell saying at a convocation of the Allahabad University that what the Government of India were afraid of was not education, but the ignorance of the masses. I, therefore, think that any measure which would tend in the direction of removing the popular ignorance should be welcomed by the representatives of all classes of the Indian people. My own impression is that the agricultural classes of this country are very much at a disadvantage as against the money-lenders - the class characterised by the Malik Sahib as the non-agricultural and trading classes ; and I think that in their own interest, therefore, he should have welcomed a measure of this kind. But I suppose it is only in his capacity as the self-constituted Advocate General of India that he comes forward to oppose even a motion of this character."

The Hon'ble LIEUTENANT MALIK UMAR HAYAT KHAN : " I stand for a point of order. This is a personal remark which is not allowed, and he has done the same thing to me the other day. He said it was a personal remark, and this is a personal remark."

THE PRESIDENT : " I did not catch the remark myself ; but I am sure that the Hon'ble Mr. Sinha will very willingly express regret for the annoyance caused to the Hon'ble Member."

The Hon'ble MR. SACHCHIDANANDA SINHA : " I beg to say that I meant no offence. With these few words I heartily associate myself with the remarks of my Hon'ble friend Mr. Haque and cordially support his motion."

The Hon'ble MR. SYED SHAMSUL HUDA : " I beg, Sir, only to say that I am in sympathy with my Hon'ble friend Mr. Haque, and so far as Muhammadan opinion is concerned, it is at one with the Hindu opinion that primary education should be made free in India. The question whether it should be compulsory or not is probably one as to which opinion is divided. My Hon'ble friend Babu Bhupendranath Basu has said that, although he does not want it to be made free throughout the Empire, he wants that in certain selected areas the experiment should be tried. I heartily support him and only beg to express the wish that Eastern Bengal and Assam, which is a province with a large agricultural population, should be selected as the place for the experiment."

The Hon'ble MR. QUIN : " The resolution on which we are asked to vote runs thus :—

" That this Council recommends that the grants to Local Governments be increased by such an amount as will enable them to remit the fees payable in primary schools for the coming year."

" Now, Sir, I feel that I can hardly expect to be recognised as the representative of a Local Government when I say that I rise to oppose this motion for an additional grant to a local exchequer. The attitude of a Provincial Member of this Council who comes here to represent a Local Government is popularly supposed to be that which is generally attributed to ' the daughter of the horse-leech ' who is always crying out ' give, give '. On this occasion, however, I feel that the proposal before us is one which it is not desirable should be supported by even the representative of a Local Government who may want more money.

" I would like briefly to state to the Council the reasons why I think that this resolution should not be accepted by them. In the first place I do not think that the question whether primary education is to be made free and whether all fees are to be remitted at the expense of imperial funds is a question which can be either properly or adequately dealt with on a resolution such as has been put before us today. This resolution affects an item in the Budget for one year only, and it seems to me that when the time comes, as come no doubt it will in the future, when the Government of India and this Council have decided that education should be made free throughout India, it will be necessary that a large financial scheme should be framed in order to cover the extra additional expenditure which will be involved. Until that time comes, it seems to me futile that we should pass a resolution—which to be effective, would have at any rate to be annual—recommending the remission of fees. It appears to me to be quite useless that we should pass a resolution this year for the remission of these fees, seeing that next year or the year after the exigencies of the situation might demand that the fees should be re-imposed. This is not, in my opinion, the way in which we should deal with a question of such great importance.

" The second reason why I object to this proposal is that I think the state of affairs which would result from the remission of the fees would be unjust to a very large number of people—the large masses of the people in India who are at present not within reach of facilities for education provided by Government. And not only are such facilities not provided now, but it



is quite clear that for some time to come it will be impossible for these facilities to be placed within their reach. The question was gone into in some detail and at some length in discussing the resolution to which the Hon'ble Mr. Gokhale has alluded which he proposed last year, and I will not detain the Council by giving any figures in the matter except a few which I would like to mention as regards Bombay. In the province of Bombay, of which we have heard it said today and concerning which it is generally admitted that it is by no means the least advanced educationally, there are over 25,000 villages and towns. Of this number at present two-thirds have no schools provided by Government. The question of providing more schools has been receiving great attention in Bombay, and within the last few years the number has increased very considerably, and I may say that within the last year no less than 656 new schools have been opened. But this still leaves something like 17,000 villages and towns in the Bombay Presidency where there is no school, and I may add that a considerable number of these, amounting, indeed, to several hundreds, are not small villages, but are villages where there is a population of over 500. Now, the extension of primary education by increasing the number of schools will no doubt be continued by the Bombay Government, and I have no doubt also by other Provincial Governments; but at the same time it has to be recognised that this is a policy which must not be carried on too rapidly, because we are already finding in Bombay that there is great difficulty in obtaining qualified teachers for these schools at the rates of pay which can be given. It has, therefore, been found necessary to utilise a considerable part of the educational grant for the increase of the pay of the teachers. This is of course a great drain on the resources which are available; and taking all the facts into consideration, it seems to be entirely unlikely that education will be brought within the reach of the great masses of the people either in the Bombay Presidency or elsewhere in the near future. As I have already said, therefore, I regard it as unjust that the fees now levied should be given up, that the fees which are charged to boys who are within reach of schools provided by Government should be remitted largely at the expense of parents who, while they may have the desire to obtain education for their children, are not in a position to give it to them because Government cannot afford to place the requisite facilities within their reach.

"Lastly it seems to me that the proposed remission of fees is entirely unnecessary. It was abundantly shown in last year's debate in this Council and it is unquestionably true—at all events I can vouch for it as regards the Bombay Presidency—that where the rules relating to the admission of children to schools without fees are strictly observed, there is no probability that any boy will be kept away from school merely by his inability to pay the fee. Furthermore, it seems very probable that the remission of fees, as was stated in the debate last year, will not result in any large, or indeed in any very appreciable, increase in the number of boys attending the schools. This, as I have said, has already been more or less clearly shown in the papers which have been published on this subject, and I would now only add this small point, that during the last year the statistics of primary education in some Native States of the Bombay Presidency in which education has been made free and compulsory have been studied by one of our inspectors, with the result that a very small increase only has been noticed in the attendance at schools at which fees have been abolished. It seems to me, Sir, then that the proposal which has been made by the Hon'ble Member is both inadequate, unjust and unnecessary, and I hope therefore that it will not be accepted by the Council."

The Hon'ble MR. MADGE: "Sir, as a firm advocate of primary instruction of a practical kind, to which the despatch of 1854 gives a paramount place, I am sorry to oppose this resolution. Paradoxical as this statement may be, I think a little examination of it will show that it is quite reasonable. The despatch of 1854, which laid down the policy of the Indian Government on the whole subject of education, not only described the character which education ought to assume, but also the resources from which its support should be derived; and unless there is some design on the part of the Government to

throw overboard that policy, of which we have had no indication yet, I think we ought to trust the new Education Department to see how that policy, which has been departed from, probably unintentionally, in the past, is brought back to its bearings in that despatch. It is premature, Sir, now, when public opinion on the character of both high and low education is in a fluid condition, to broach a proposal of this kind. We ought to give the new Department time to consider how far we have departed from the policy of the despatch. There is a great deal of truth in what has been said by the Hon'ble Mr. Gokhale that to provide a sum of money from non-recurring expenditure for education, which is supposed to be a permanent thing, is almost a waste of money. When the new Department is able to provide for recurring expenditure on a permanent matter like education, then will be the time to consider what can be done for it. There is also a certain amount of truth in what my friend the Malik over there has said about the agricultural population. I do not for a moment agree with him in supposing that education, if it is practical, is dangerous; but we are often carried away by analogies drawn from civilized countries in this country. We suppose that all institutions that have succeeded there must succeed in this country. We have had more than one lamentable illustration, in my humble opinion, of the failure of that theory. But as regards education I think some consideration must be shown to the fact that the employment of young people in agricultural homes forms a necessary part of their domestic economy, and that compulsory education applied to that class, unless you made it selective as the Hon'ble Babu Bhupendranath Basu suggested, would become absolutely tyrannical; and I do not see on what ground you can make it selective, if it is to be a national institution. I think great injustice and hardship would be done to many poor families if you dragged their children to school and compelled them to undergo a course of primary instruction.

"In regard to the payment of fees, I have tried to study the valuable papers that were circulated last year in Simla, and in my humble opinion the weight of official opinion is rather against than for the introduction of free education just now. Where opinions differ, I mean mere opinions, it is open to non-official Members to disagree with official Members; but where official Members give opinions that are based on facts, I think that the least we can do is to trust them in the report of their facts and trace the connection, as I have done, between their opinions and the facts that they have stated. On these grounds I think this resolution is premature."

The Hon'ble MR. MUDHOLKAR: "Sir, in considering this question it is as well to remember that the experiment of compulsory and free education is not one which is utterly untried in India. We have in Baroda for some years past an experiment in this direction, carried out first in one district and afterwards extended to other districts. And so far as that State is concerned—and that State I think might well be taken as typical of other agricultural parts of India—I say so far as that experiment goes, it has proved successful. The question of compulsory education or free education is in British India a question more of expediency, of what is practicable, than of what is correct in principle. Though I am for free and compulsory education, I recognise that, so far as the country as a whole is concerned, we are yet miles and miles away from it; and until we have advanced our educational efforts to a far larger extent than is possible at present under the peculiar conditions of the finances of the Government of India, the question of either free education or compulsory education must remain in the domains of speculation. I think, Sir, that our first efforts should be directed to expansion of education and to have as many schools as it is possible to have with the available grants. I have been always taking an interest in education, and I have been for a number of years connected with local self-government; and I can say that there are very few boys—I cannot say that there are no boys—who are kept away from school by the inability of their parents to pay their school fees though these latter are anxious to give them schooling. In my province in primary schools the fee is very low, only one anna per boy, and I believe there are very few boys who are kept away from school on that account alone. In rural tracts there are large percentages of free scholars admitted, and in many cases



we find that private individuals are ready to afford help to those who are prevented from sending their children to school on account of poverty. So it appears to me, Sir, that the non-official Members should rather direct their efforts to secure expansion of education than to ask for free education though we have to keep this ideal in view. There are provinces like Bengal where they have a school for every  $3\frac{1}{2}$  square miles. There are, on the other hand, provinces where there is not a school for 11 miles or for 22 miles. So when we have got a sufficiently large number of schools, then, and then alone, I think this question of general free education or compulsory education can be considered in a practical form. And though, as I have said, the ideal is to be kept in view, I think we might as well not spend much time over a discussion of it here."

The Hon'ble MR. BUTLER : "Mr. President, I cannot help expressing my admiration for the skill and dexterity with which the Hon'ble Mover of this motion skated over somewhat thin ice. He drew in his eloquent manner very largely on the letter of the Government of India issued in 1906, and he led us to understand that the change in the policy which has followed the issue of that letter was due to a change in the personnel of the Government. Sir, I think it is very easy to show that that is not so. In that letter it was expressly stated, as far as I remember,—and I think my memory is correct,—that free education was to be given as a measure of relief akin to remission of taxation. At that time there were large surpluses in the prospect of the Government of India. Since then those surpluses have disappeared and we are now being faced with totally different conditions, under which the problem assumes a different phase. The Hon'ble Mr. Haque quoted from those papers selections of the opinions of different officers; but, although they may not have been published before the debate at this time last year,—I forget whether they were published or not,—I submit that for all practical purposes and for the purposes of this Council, they were superseded by the debate which took place here on the 18th of March last year. The Hon'ble Member alluded very slightly to that debate which is present in the minds of all of us. I think we all remember the speech of Mr. Orange and the speech of the Hon'ble Mr. Gokhale who moved the resolution. I will not suggest that he has not alluded to that debate because it is less than a year since that debate took place, and that, therefore, had I raised the question under the Rules of Business this motion could not have been debated today. I did not wish to raise that question, because I knew it was a matter in which Hon'ble Members of this Council would be much interested and in which public opinion also was very greatly interested.

"Now I think I can take my start from the debate of last year. The conclusion that was reached then was that so long as the demand for education was in excess of supply, and so long as the supply of education was limited by the state of funds, it was premature and unpractical, however desirable in itself, to remit fees and thereby *pro tanto* to reduce the funds available for the extension of education. That, I think, was the sense of the Council on the 18th March 1910. Now, I need not ask Hon'ble gentlemen whether there has been any great changes in the conditions since then. We have not reached the land flowing with milk and honey: we have had indeed a few bunches of the grapes of Eshcol in the shape of grants for Sanitation and Education, thanks to the kindness of the Finance Department; but we are not yet near the promised land. Before we get there, we have to cross the morass of decaying Opium-revenue. That being so, I say that we are not any nearer, from the point of view of debate, to a settlement of this question than we were a year ago. I have heard this afternoon no new reasons for free primary education. I do not think that it has even been claimed that any new reason has been advanced this afternoon. The Hon'ble Member said that he would proceed with this motion year in and year out until he secured his wish. I hope that he may not have to wait as long as in one of the great civilised advanced countries of the West they had to wait for this. I recall that in the year 1791 the Constituent Assembly in France declared that education should be provided for all and should be free

in what was essential for all men. That was in the year 1791. They first had free primary education in France in the year 1881, that is, 90 years afterwards. I notice also that the Hon'ble Mr. Gokhale, who in this and other matters has shown so much moderation, has dropped for the present this question of free education, and I do not think that in the circumstances I need detain the Council much longer. I leave the question as it was left last year.

"Reference has been made by Hon'ble Members to the new Department that is still new and indeed has not yet been weaned. I can assure them that this Department is at present engaged, and busily engaged, in trying to draw up schemes for the advancement of primary education. What forms these schemes will take eventually I am not in a position to say; I do not know, and if I did know I could not say; but I can assure the Council that the Government of India will never depart from any pledges that they have given, and I think that the creation of the new Department was in some measure a pledge that they would press on the policy of education more earnestly and more vigorously, as funds permit, than before."

The Hon'ble MR. MAZHARUL HAQUE : "I have just a few words to say in reply. I am thoroughly satisfied with raising this discussion in this Council. That was my only object, and I never expected, while we non-officials are so much in the minority, that this resolution would be at once accepted. I said in my speech, and I repeat it, that we intend to bring this matter up before this Council year after year, because we have set our hearts upon providing free primary education for the people of the country and we shall not be satisfied unless they get it. Of course, we do not expect that we shall succeed at once, as it is difficult to make an impression upon the Government. But eventually we do expect to make an impression, and especially we have at the Head of this newly-created Education Department such a sympathetic officer as our friend the Hon'ble Mr. Butler. We non-official Members have been very pleased today to hear the speech of the Hon'ble Member and the pledges that he has given on behalf of the Government of India, and we are all grateful to him.

"I may say one word more. Being a lawyer, I thought that the Hon'ble Mr. Butler had really got me as regards the interpretation of rules and that perhaps I was wrong in moving this resolution, as he reminded the Council that it was within one year of the discussion we had last year on the same subject. I believe the Hon'ble Mr. Butler has mixed up the two sets of rules: one set of which is as regards the discussion of budget, the other as regards the discussion of matters of public interest."

THE PRESIDENT : "The Hon'ble Member must resume his seat. The Hon'ble Member is out of order. The admissibility of this resolution rests entirely with Government, and since it has been permitted, it is a mere waste of time for the Council to discuss it further."

"The Hon'ble MR. MAZHARUL HAQUE : "I bow to the ruling of the Chair; but I was charged with ignorance of rules, and I think I was bound to reply.

"Sir, one word more as regards the points raised by the Hon'ble Mr. Quin of Bombay. He said that it is the traditional policy of the Local Government to oppose this scheme of free primary education. At least I think that is what I heard him say."

The Hon'ble MR. QUIN : "That is not what I intended to say. I said it was the traditional policy or the supposed traditional policy of a Member representing a Provincial Government to get as much money as he can for provincial finances from Imperial revenue."

The Hon'ble MR. MAZHARUL HAQUE : "If that is so, I have nothing more to say. I shall leave the Hon'ble Mr. Gokhale to convert the Hon'ble Mr. Quin to our views, and I hope when he comes next year he will support us."

The resolution was put and rejected.



## SANITATION (EASTERN BENGAL AND ASSAM).

The Hon'ble Mr. SYED SHAMSUL HUDA : "Sir, the resolution that stands in my name is this :—

"That this Council recommends that the grant to Eastern Bengal and Assam for Sanitation be raised from £60,000 to £100,000."

"Before going into the merits of this resolution, I wish to assure the Hon'ble Members from the different provinces that this resolution does not mean that any grants given to other provinces should be revoked for the benefit of Eastern Bengal, and I may also assure the Hon'ble the Finance Member that I fully appreciate the generous spirit in which my province has been treated in the matter of the grants. My object in moving this resolution is that a definite sum should be placed at the disposal of the Local Government, ear-marked for certain special sanitary purposes. If any one turns to the Sanitary Report of the Province of Eastern Bengal and Assam—I have in my hand the Report for the year 1909—he will find that out of a total population of about 3 crores, about 728,000 deaths have occurred due to fever only. The recommendations of the Malaria Conference regarding practical measures were divided into heads of (1) extirpation of mosquitos; (2) prophylaxis; (3) education of the sanitary staff; and (4) finance. As regards the first head, drainage was considered to be, under certain conditions, the most important anti-malarial measure in urban areas; but its impracticability in rural areas, except in special circumstances, was recognised by that Conference. In such areas the improvement of surface drainage by removing obstructions and filling up depressions was considered an important practical measure. Both in villages and towns, the lowering of high subsoil water-level, whenever practicable, was considered to be an anti-malarial measure of primary importance. Attention was drawn to the Italian method of filling up swamps, to the clearance of jungle, and to the thinning out of dense tree growths in the neighbourhood of habitations. Since these recommendations were made, the Government of Eastern Bengal and Assam have not found it practicable to do very much in the direction of improving the drainage of rural areas or in clearing jungles. This time fortunately a large grant has been made for sanitary purposes; but the projects which the Government of Eastern Bengal and Assam have in hand for improving the water-supply in urban areas and certain other schemes, would swallow up the whole of the £60,000 that has been granted by the Imperial Government under the head of 'Sanitation.'

"Well, Sir, the people feel, and especially those who live in malarial districts feel most keenly, that a great deal may be done which is not being done. It is all very well to carry on scientific investigations; but whilst you are carrying on your investigations people are dying by thousands. I was told the other day by a high official that before Government spent any large sums of money on drainage schemes and jungle clearing they must be satisfied that these are useful measures. I find the fact of their being useful measures has been recognised by the Malaria Conference. I do not say that the additional £40,000 that I want would have any great effect or that it can be utilised for any large drainage scheme at all. But my object is that, if there is any doubt as to the utility of these measures, this doubt should be set at rest by carrying on experiments in selected areas. There are districts in Eastern Bengal and Assam where the death-rate in consequence of malaria has been as high as 37·41 per mille. In such districts selected areas should be put under operation; the place should be well drained, jungle should be cleared, and if it is found afterwards that these measures have diminished malaria in the place, then we might try to insist upon these improvements being carried out; and considering the mortality in the Eastern province due to malaria, I think the people of the province could submit to a special taxation if necessary for the removal of such an evil. The Finance Member has been generous enough to distribute large sums of money to different provinces. As I have said, I want an additional sum of six lakhs for the purpose of trying experiment on the lines I have suggested, and I submit that this money should be earmarked as granted for

that particular purpose. If, Sir, this brings us nearer a solution of the difficulties which seem to surround the question—and these difficulties have been greatly increased by conflicting theories brought forward by experts—I think the six lakhs would be well spent. Therefore, in view of the fact that there is enough money in the hands of my Hon'ble friend the Finance Minister, I hope that this necessary measure will not suffer for want of funds."

The Hon'ble MR. GOKHALE: "Sir, I have no wish to object to this resolution; not at all: in fact I wish good luck to every one who wants anything from the Finance Minister. But I would like to know on what principle these grants have been based. I see no principle, looking at this list; probably the allotment is made in the spirit of the financial administration, prior to the year 1870, when the Government that clamoured most got the most. These grants have no necessary relation to either the revenues which the different Provincial Governments enjoy, or to the expenditure on Sanitation and Education—I take the two together—which they incur. I shall, therefore, be very glad to hear from the Finance Department on what principle the grants are based."

The Hon'ble MR. LEMESURIER: "Sir, I rise for a very short time to address this Council. I venture to ask the Hon'ble Maulvi Shamsul Huda to reconsider his resolution, not because I take it upon myself to question the ways and means of providing the money for which he asks, since that might best be left to the Finance Department, but because I am anxious to urge him to do nothing which will take away the character which the Local Government I represent here today ventures to hope it has made for itself with the Finance Department—a character for economy and for moderation in its requirements. The Hon'ble Member knows that, as the Finance Member has told us, the province of Eastern Bengal and Assam was in past years starved in administration on many points, and that until a year ago it had not the financial equipment to enable it to carry on the administration without assistance or overdrafts from the balances of the Government of India. Since that time the Financial Settlement has been concluded, which we gratefully acknowledge is adequate for our needs, and to which the recent conversion of so large a proportion of the fixed assignment into growing revenue has added the element in which it was somewhat weak, namely, the provision of a steadily growing revenue to meet the growing needs of administration. But, Sir, that settlement has been in force only since last year, and the Local Government does not feel itself prepared straight off to rush into large schemes of expenditure beyond those which under the painful but beneficial discipline of five years of waiting, and of constant necessity to justify its claims, the province has put into the form of a regular programme of reforms. In the coming year, between this year's grants and those promised for next year, something like 47½ lakhs has been allotted to the Eastern Bengal and Assam Government. In addition, recurring grants of £20,000 for police schemes and a sum which is not mentioned here for an increase of pay to the ministerial establishment, upon whose prosperity and contentment so much useful work depends, also a large grant for university and collegiate education, have all been provided, and these additions to permanent revenue will gradually enable Government to take up all those schemes which it has on hand and which have been admitted to be sound in principle and carefully worked out. But, Sir, the difficulty and responsibility of spending money on undefined schemes of Sanitation and Education are so great that the Government may well hesitate lest with its undeveloped administrative staff and its as yet incomplete resources it should fail to spend the money promptly and usefully, and thereby not only discredit the allotments which have been made to it, but further may risk taking up money which would be better used elsewhere, either by other provinces or for the wants of the country at large. That we could easily spend far more than the Hon'ble Member has asked for, perhaps two or three years hence I have every cause to know. I believe that the schemes of sanitation which have already been examined and for which estimates have been framed amount to a sum which



even the enlarged grants asked for in the resolution would not anything like cover ; but it is quite certain that all these schemes could not be dealt with at once. It is, I may say, estimated in the Provincial Financial Statement to be very unlikely that the grants which were made this year can fully be expended within the coming financial year. Therefore we feel, Sir, that we have no right to ask for further allotment of money, which we might not be able to spend but which other provinces might. And lastly, Sir, the feeling of the Local Government is this. Its proposals have been met fairly by the Government of India and money has been granted as it was available and as it could be spent ; and I would ask the Hon'ble Mover of this motion to agree with the Local Government that its best plan in future is to trust the justness of its own cause, and the accuracy and fulness of its own representations, and the impartiality of the Imperial Government."

The Hon'ble Mr. SYED SHAMSUL HUDA : " I have indeed very little to reply to. My Hon'ble friend Mr. Gokhale has asked on what principle these allotments have been made. That is a curiosity which I share with him because I cannot understand the principle upon which £333,000 have been given to Bombay as a subsidy towards 'the great work' in Bombay City. I confess that I was anxious to find out the underlying principle ; but failed. As regards the main question I must say I was somewhat taken aback by the opposition of the Hon'ble Mr. LeMesurier. I did not ask money for myself : I asked it for the province of Eastern Bengal and Assam ; and if the Hon'ble Mr. LeMesurier can assure me that the province is in a position to meet all its requirements on the lines that I have indicated, I am certainly prepared to withdraw the resolution. There is no doubt the province of Eastern Bengal is thoroughly satisfied with the grants that it has received ; but I do think that more money would be equally welcome to that province ; and if it could be spared, and if the necessity for it exists (and I am not at all sure that money is not required), I really do not understand why, if money can be given, the Government of Eastern Bengal should refuse to have it. It has been said that the grant that has already been made the Government does not know how to spend. In that case I must congratulate the Government of Eastern Bengal for having more than it really requires. As I said, this is a large sum, this £60,000, that has been granted to Eastern Bengal and Assam ; but they have got a project on which to spend the whole of this money. That project, so far as I am aware (and I have not been contradicted by my Hon'ble friend in that respect) does not include any large expense on drainage and clearing of jungles, and this was the substantial ground upon which I wanted money ; and I submit that the only relevant answer would have been that the money granted would suffice for that purpose. Therefore, Sir, I do not withdraw the resolution, although I know fully that it is as good as withdrawing it, because no resolution has succeeded up to this moment."

The resolution was put and rejected.

#### PROPOSED GRANT TO EASTERN BENGAL AND ASSAM FOR EDUCATION.

The Hon'ble Mr. SYED SHAMSUL HUDA : " I beg to withdraw the next resolution\* which stands in my name. Government does not want it, and so I withdraw it."

#### SPECIAL GRANT (LOWER PROVINCES).

The Hon'ble Mr. SACHCHIDANANDA SINHA : " Sir, I rise to move the resolution which stands in my name :

' That this Council recommends that the special grant of 7·6 lakhs made to the Government of the Lower Provinces for next year be raised to thirty lakhs.'

" In rising, Sir, to move this resolution, my first words shall be words of gratitude to the Finance Member for having given the Lower Provinces Rs. 25 lakhs for Education and Rs. 10 lakhs for Sanitation from out of the

\* That this Council recommends that the grant to Eastern Bengal for Education be raised from £74,500 to £100,000.

current year's surplus. I assure him that we are very grateful to him for these two large sums to meet our requirements; but I do not think that, regard being had to the educational and sanitary condition of the Lower Provinces, these sums are sufficient, and it is therefore that I have risen to move the resolution which stands in my name. We have heard just now from the official representative of the province of Eastern Bengal and Assam that they have got more money than they know what to do with. The Lower Provinces, on the contrary, have been declared by the Finance Member himself to have come to the verge of bankruptcy, and a province that has come to this state of affairs should be considered entitled to some special consideration at the hands of the Imperial Government. Now the ground upon which I seek that the sum of 7·6 lakhs placed at the disposal of the Lower Provinces Government by the Imperial Government from the next financial year should be raised to a larger sum of 30 lakhs is, that the sum so allotted is altogether inadequate to meet the urgent needs of the provinces in the matter of Education and Sanitation, especially in the province of Behar, which now forms the largest of the three provinces under the Lieutenant-Governor in Council. The sanitary condition of Behar is very unsatisfactory indeed. It is well known that, until not many years back, Behar was regarded as the healthiest portion of the Lower Provinces. But a reference to the Annual Report of the Sanitary Commissioner to the Government of India, just issued for the year 1909, says in dealing with these provinces that there were 68·40 per cent. of deaths due to malaria, and 'the districts with the highest death-rates were Darbhanga, Muzaffarpur, Bhagalpur, Shahabad and Darjeeling,' all Behar districts. Similarly, in a resolution of the Government on an earlier report issued two years back by the Sanitary Commissioner to the Government of the Lower Provinces, we find the statement made that 'more than 90 per cent. of the total number of deaths from plague occurred in the Patna Division.' We are further told in the same resolution:—'Looking to the different divisions, Bhagalpur now heads the list with a ratio of deaths per thousand of 30·40.' Later on it is stated: 'In remarkable contrast with these figures (that is, the death-rates of the general population) are those returned for the jails of the province, in which the death-rate per mille (*i.e.*, 1,000) decreased from 24 in 1905 to 17·05 in 1907'; and it is rightly added that these figures show 'what can be done by persistent and commonsense attention to sanitation.' It seems to me that, considering the much higher death-rate outside the jails, there is a strong temptation in the way of people to get themselves sent to jails to be able to lead better and more sanitary lives! A statement was laid upon the table the other day by the Hon'ble Mr. Butler, in reply to a question in this Council, from which it appears that there are six large towns in these provinces containing a population of 50,000 or more—Calcutta, Howrah, Patna, Gya, Darbhanga and Bhagalpur—the last four all Behar towns. Of these four Behar towns, only one—Bhagalpur—has got water-works and only one—Patna—drainage-works. Patna is the capital of Behar and a city with a population of nearly 150,000. It has been for years a crying need that it should have water-works; but owing to straitened finances the municipal board are unable to undertake the scheme. I think, Sir, I have said enough to satisfy the Council that the sanitary requirements of the Lower Provinces need a larger grant being made to them by the Imperial Government.

"I shall now say a few words on education in Behar. I doubt if the Council will believe me when I say that in the province of Behar, comprising a population of nearly 28 millions and extending over some 70,000 square miles in area, there is only one Government college—that at Patna. This college is, unfortunately, not a model college either. There is no M.A. class in this college; it is not affiliated, I believe, even in B. A., in Philosophy; and in point of class accommodation, laboratory and residential hostels for students it is very badly equipped. We want therefore a large non-recurring grant to be given to us for the purpose of improving the Patna College and the other four colleges at Bankipore, Muzaffarpur, Bhagalpur and Ranchi, which are all private institutions. I have no desire to detain the Council with the details of what might be considered either purely or more or less provincial require-



ments ; but I have invited the attention of the Council to such broad and salient features of the problem as will enable Hon'ble Members and the Government to understand that our urgent needs and requirements compel us to demand more from the Imperial Government."

The Hon'ble MR. MAZHARUL HAQUE : Sir, I am another Beharee in this Council and rise to support the resolution moved by my Hon'ble friend Mr. Sinha. He has made out a very good case indeed for our Native province of Behar, and I do not think that the grant which has been allotted to the province of Bengal—the grant of 7 lakhs—is really sufficient for the needs of such a big province. I am rather apprehensive that this grant would be absorbed by Western Bengal. Calcutta is the head-quarters of the province, and Calcutta always manages somehow or other to take the bigger slice of these grants. I submit we have to bring our needs to the notice of this Council and to impress upon the Members of the Government the necessity of larger grants for our province so that we may get them. With these few words I support my friend."

The Hon'ble BABU BHUPENDRANATH BASU : "Sir, as belonging to the province of Bengal, although not to that part known as Behar, I have much pleasure in supporting this resolution. I quite admit that the needs of Behar are great, that the areas which were at one time looked upon as the healthiest places in the lower provinces of Bengal, stretching from Assam to Behar, are now more or less subject to attacks of malaria, and Behar has suffered more than Bengal from the ravages of plague. My friends, I must say, do an injustice to us, the banditti from Bengal, when they say that we absorb the best part of the apportionment of our province. In times gone by, when Behar was not so largely represented as it is today in the Local Council, questions on sanitation, education and medical relief were pressed both by its own representatives as well as by the Bengali Members with great insistence, and, as my friends will now realize, our efforts in that direction were not always successful. However that may be, Sir, the needs of Bengal are very great, especially in regard to education and sanitation. My friend the Hon'ble Shamsul Huda was just now speaking of the malarious condition of his part of the province, but it is nothing compared to what we suffer in the western part of the old province of Bengal ; and therefore, if any principle had been followed by the Finance Department in the allocation of its funds—a principle from which we are kept in the dark—I respectfully submit that our own province of Bengal should have come in for a much larger assignment both from the recurring as well as the non-recurring grants made than have been given them under the present scheme."

The Hon'ble MR. GATES : "I should perhaps explain to the Council why I intervene in what appears to be a purely domestic matter ; but the fact is that I am unable to share the views of the Hon'ble Mr. Gokhale and to wish good luck to all those who try to raid the Finance Department. The people of my province, living some distance off and not having the advantage of juxtaposition, regard these raids with great distrust, as they feel that they do not get a sufficient share of the booty. Now, it seems to us that the province of Bengal, however great its needs may be, should arrange to meet them by its own resources—resources which are admittedly ample, and which leave a large margin for the increase of taxation. Taxation per head in Bengal at the present time is something like Rs. 1-8. The other provinces pay a great deal more, and while this is the case the people of my province cannot consider it at all just that Bengal, owing to its position of juxtaposition to the Government of India, should obtain more favourable treatment.

"Moreover the past financial history of Bengal appears to an outsider not to suggest that it is a deserving province. It has received in the course of the last three years 47 lakhs from the Government of India ; and not for any useful purposes, but simply to save it from the consequences of its extravagance. It is said that a great deal of this money was spent on education. Bad finance is not sanctified by good objects. And it is no consolation to us in other provinces, whose revenue is elastic and who provide a considerable

share of the surplus of the Government of India, to feel that 47 lakhs of our hard-earned money were spent in equalising the budget of Bengal. For these reasons, I hope that the Council will show no favour to this motion to give more money to this already unduly favoured province."

The Hon'ble <sup>MR.</sup> MESTON : "Sir, before the Hon'ble Mr. Sinha rose to explain his resolution, I had taken it as being an innocuous invitation to the other provinces to contribute out of their wealth an extra 22½ lakhs to Bengal. When making the Financial Statement last Wednesday, the Hon'ble Finance Member had made it abundantly clear that the settlements which are now being closed and made permanent were intended generally to be permanent and final arrangements with the provinces of their relations with the Government of India; also that the Imperial Government had certainly not got 22½ lakhs to spare; so that I assumed that the motion was simply a polite invitation to the other provinces to help Bengal. Apparently there has been no haste to accept this invitation and, to judge from the speech of the last Hon'ble Member, if the Hon'ble Mr. Sinha went over to Burma, he would meet with a rather hot reception!"

The Hon'ble MR. SINHA : "I would not care to go there."

The Hon'ble MR. MESTON : "In his speech, however, the Hon'ble Member has explained that it is not so much Bengal as a particular part of it that he would like to be the beneficiary of this additional money. He would be quite content, I take it, if Behar got a bigger slice of the family cake and the rest of the province got a little smaller one. That being so, I had hoped that some arrangement might be come to between the Hon'ble Member and the Hon'ble Mr. Basu. The Hon'ble Mr. Basu, from a notice which stands in his name lower down in the agenda, appears to be of opinion that Bengal gets too much, and I had some hope that he would be prepared to give the balance away to his friends in Behar. However, that arrangement also seems to have fallen through. This being so, I am afraid that I cannot hold out very much comfort to the Hon'ble Member. The Government of India could only help Behar by helping Bengal, and the amount of help which Bengal has already had is as much as it has been found possible to justify with reference to the needs of the rest of India. The current settlement of Bengal which was made in 1906 was described by the then Lieutenant-Governor as fair and liberal. It was very severely tried at the outset by the expansion of the scale of expenditure, an expansion out of all proportion to the growth of revenue; and those who were responsible for the provincial finances in 1907 and 1908 must have seen that they were making the position impossible and the provincial settlement a farce. Since 1908 wiser counsels, however, have prevailed, but it has become a matter of very great difficulty to repair the damage that was done in the past. For this reason Bengal was given wholly special treatment in the adjustment of the settlements which have now been concluded. The seven and a half lakhs which it gets has now enabled it to all practical purposes to budget for equilibrium next year if we omit abnormal and special charges. I may honestly say I wish it had been possible to give more assistance, because the difficulties that lie ahead are very many; but in the circumstances in which our Imperial finances now stand, it would have been only possible to help Bengal more liberally by taking from the other provinces, and this we could not afford to do. I said just now that I could not give the Hon'ble Member any comfort. Perhaps he will accept another gift which flows freely from the Finance Department—sympathy. We do sincerely sympathise with the Hon'ble Member and his colleagues from Behar. It was only a few weeks ago that the Hon'ble Mr. Haque told us that when stern duty calls him from his beloved country of Bengal across the border, he found it impossible to live in the stifling air of the United Provinces. To those of us who for various reasons prefer the air of the United Provinces and consider it decidedly more salubrious, it came as a surprise to be told today that when the Hon'ble Member goes home to Behar, even there he cannot live comfortably, because he comes into the domain of a stern step-father who starves and maltreats him. So our hearts do



go out to our poor friends in Behar, suffocated when they cross the border, maltreated when they return home; and we now understand the permanent gloom that settles upon them in this Council."

The Hon'ble MR. SACHCHIDANANDA SINHA: "Sir, I shall be very brief in my reply. I think I made it quite clear in my opening remarks that the reason why I pleaded for Behar was that that province now forms much the largest of the distinct ethnic territories composing the Lower Provinces which is now popularly named, or rather misnamed, 'Bengal'. I therefore made a demand on behalf of Behar, as one thoroughly justified by the facts and circumstances of the case I have already stated. In view of the remarks, however, of my friend—the Hon'ble Mr. Meston—who can offer me only his sympathy but no money, I do not think it necessary to attempt to meet his arguments in detail."

The resolution was put and rejected.

#### HIGH COURT FOR THE PUNJAB.

The Hon'ble MR. SACHCHIDANANDA SINHA:—"I move, Sir, that 'this Council recommends that the assignment made to the Punjab under the new settlement be so raised as to cover the cost of raising the status of the Punjab Chief Court to that of a Chartered High Court.' I assure the Council that it is not without a sense of trepidation that I rise to move *this* resolution, for fear of drawing upon me the wrath of my friend the Hon'ble Malik Umar Hayat Khan Tiwana, for being venturesome enough to move a resolution about *his own* province. When I moved a resolution about an Executive Council in the United Provinces he took me to task for my moving such a resolution while representing in this Council the Lower Provinces. I, therefore, think I am likely to come in today for a severe handling at his hands for my being so bold as to move a resolution about the Punjab itself. The only way to keep back from moving resolutions about the different Provinces and doing my duty by them, is for my friend to do the work himself and not to leave it to me. But if he does not choose to do so I have no other alternative but to move them in the Council.

"I do not think I shall be justified in taking the time of the Council in discanting upon the superiority of a Chartered High Court over a Provincial Chief Court. All that I want to point out to this Council is that this subject was taken up in the Punjab Provincial Council on the 8th of April last year, and in reply to the observations of an Hon'ble Member there—the Hon'ble Rai Bahadur Shadilal, the representative of the Punjab University—Sir Louis Dane, the Lieutenant-Governor, spoke as follows: 'The question of the raising of the Chief Court to a High Court has often been mooted, but it is a matter within the power of the Government of India. So far as I am aware, there has never been a local objection to the proposal. I would point out, however, that a High Court, with all its establishments, is an expensive luxury and would cost a great deal more than our present Chief Court.' It is clear from these remarks of His Honour the Lieutenant-Governor that the Punjab Government have no objection at all to the proposal and the only thing which stands in the way of the scheme being carried out is financial consideration. In view of the fact that there has been a strong feeling in the Punjab for years past, which has found expression in the Provincial Conferences and in the newspapers of the Province and also in the Provincial Council, that the Chief Court should be raised to the status of a High Court, I beg leave to move that, out of the large surplus expected by the Finance Minister next year, the Local Government be given a sufficiently large sum to enable it to have a Chartered High Court."

The Hon'ble MR. EARLE: "I do not think that I need trouble the Council with detailed remarks on this question. I do not propose to go into the comparative merits of a High Court or a Chief Court for the Punjab. The resolution of my Hon'ble friend is no doubt technically correct, but the subject-matter is one

which could much more suitably be discussed in the Punjab Local Council. It is a local subject and should be ventilated in the Local Council. The question of a High Court for the Punjab was taken up last in the year 1900. It was referred to the Government of India by the Local Government and by the Government of India to the Secretary of State. It was negatived by the Secretary of State and there the matter rested up to the present time. It can only be re-opened if the Local Government comes up again to the Government of India and makes a recommendation. Not only is this the case, but I think that the present time is a very inopportune one for raising questions of expenditure. We have lately submitted to a self-denying ordinance of economy, and, as far as I remember, when the Hon'ble Mr. Gokhale brought forward a resolution to that effect in this Council, my friend the Hon'ble Mr. Sinha did not dissent, and it seems a little inconsistent that he now comes forward and proposes a measure which will involve a very considerable expenditure of money upon the Local Government. We are unable therefore to accept this resolution."

The Hon'ble MR. SACHCHIDANANDA SINHA: "Sir, as I explained just now, the matter was brought forward in the Provincial Council of the Punjab, and I brought up the question here only in view of the observations of the Lieutenant-Governor. I am glad to know the view of the Government of India that if the recommendation comes up from the Punjab Government, the Imperial Government would consider the matter on its own merits, and I am prepared to leave it there for the present."

The resolution was put and rejected.

The Hon'ble MR. GOKHALE: "May I draw your attention, Sir, to rule 3 which says that the Council shall ordinarily rise at 4 o'clock, unless the President otherwise directs."

THE PRESIDENT: "We have a great deal of work before us, and I think we should, if we can, finish the first stage of the Proceedings today."

#### SHARE OF LAND-REVENUE (UNITED PROVINCES).

The Hon'ble PANDIT MADAN MOHAN MALAVIYA: "Mr. President, I beg to move that 'this Council recommends that the grant which it is proposed to make to the United Provinces for the relief of municipalities and town areas from Police-charges may not be made, and that instead thereof the Provincial share of Land-revenue may be raised in their case from three-eighths to one-half.'"

"I will not detain the Council very long in explaining the grounds for this resolution. But it will be necessary to refer briefly to the history of the Provincial Settlements in order clearly to explain the position of the United Provinces. Now, Sir, we all know that when the Provincial Settlements were first introduced in 1870 there was no principle upon which they were based. The expenditure of the year which preceded was taken as the standard of expenditure and grants were fixed for the different provinces on that basis, but on a reduced scale. For we have to remember that when the measure was introduced one of the principal objects of it was a certain relief to the Imperial exchequer. The Resolution of 1870, which contained the first public expression of the views of the Government of India on the subject, stated among other things that 'the relief of the Imperial Finances has been a principal object in the discussion of such measures on former occasions.' Sir Auckland Colvin, in introducing the financial statement of 1887, after referring to that Resolution, said:—

'That paragraph shows the important reserve as to the relief of the Imperial finances with which, at its inception, the system of decentralization was accompanied. The grants assigned, with certain branches of expenditure, to the several Local Governments were less than the grants made in the previous year for the same services; the balance was to be found, whether by economy or by local taxation, by Local Governments themselves.'



"In the course of the Financial Statement for 1871-72 Sir Richard Temple made the position absolutely clear :

'The Local Governments,' said he, 'are to have a fixed annual allotment from the general exchequer for these particular services and are to appropriate as local income all receipts connected therewith. They are to regulate (subject to certain general rules) all the expenditure on those services. If the existing income, namely, Imperial allotment *plus* departmental receipts, shall suffice for the requirements of that expenditure, then that is well; if it shall not suffice, then the Local Governments are not to apply to the Government of India for increased grants. They must raise what they need by local taxation or by such like means (subject to our central control) if they fairly can. But if they find that they cannot fairly manage this, then they must necessarily do without the increased expenditure. However much the necessity for doing without the increase may be regretted, there is no help for it. This is the only way of following the good old rule of cutting coat according to cloth.'

"I have quoted this at length to show that the Government of India originally fixed the provincial grants with a view to obtain relief from the constant demands made upon the Imperial Government. I have also shown that the grants were fixed without any reference to the revenue or population of a province, but entirely on the basis of the expenditure incurred in that province in the previous year. The first allotments were fixed on the basis of the budget grants for 1870-71. There were obvious objections against this mode of fixing the allotments. Sir Richard Temple urged that the objections had not been overlooked, but he pleaded that any other method that could be devised would have stirred up controversies and difficulties which would have caused an indefinite postponement of the whole measure.

"To the objection that the grants for 1870-71 had been fixed very economically and therefore afforded too low a standard for future allotments, Sir Richard Temple did not seriously demur. He only said that those grants were really as much as the Government of India could possibly afford at the time, and that they were not likely to be able to afford more for some time to come. The next time when the arrangements were revised in 1877 a modification was introduced in them. But even then, in the result, a retrenchment of about 5 per cent. was made, and in the case of the North-Western Provinces a retrenchment of about Rs. 54,000 was made. In other words, the Local Government was expected to undertake the management of the new expenditure with a new grant of  $3\frac{1}{2}$  lakhs less than the Imperial grant hitherto assigned for provincial purposes. Thus both in 1870 and 1877 we did not get an amount quite as much even as we had been spending in the year preceding the year of the revision of the settlement. We got something less on each occasion, and when the arrangement came to be revised in 1881-82, we did not fare much better. No doubt the finances of the Government of India were then in a flourishing condition, and our provinces received the benefit of a remission of taxation. But for the rest, 13 lakhs were taken away from us even in that year. This arbitrary arrangement went on for many years. But we find that a certain principle had been introduced in the provincial settlements in the year 1895-96. The Government of India had evidently laid down that a certain proportion of the land-revenue, *viz.*, one-fourth, should be allotted to Local Governments to meet certain kinds of expenditure, and from that time the share of land-revenue allotted to different provinces has been increased from time to time. At this moment the share of land-revenue allotted to every province except my own province is one-half. It used to be three-eighths in the case of the United Provinces and the Punjab until last year. This year the Government of India have raised it to one-half in the case of the Punjab, but unfortunately the people of the United Provinces have not received the same consideration. So that throughout the whole of the British Indian Empire there is no province now in which less than one-half of the land-revenue is allotted to the Provincial Government to meet provincial expenditure. In the case of Burma the revenue has actually been raised to five-eighths.

"Now, Sir, I submit that there is no reason why the United Provinces should not be allowed to appropriate half of its land-revenue for provincial purposes. I have shown that in the beginning there was no principle on which provincial settlements were based, because they were based merely upon the grants

of the previous year. What happened was this. Those provinces which had come earlier under the British Government, provinces in which the civil administration had become very much more advanced than in the North-Western Provinces, were spending actually proportionally a much larger sum in 1870, and when the assignment was made in their case it was made upon the basis of the figures of their expenditure. The United Provinces Government happened to be spending much less at the time, and a much lower standard of expenditure was perpetuated in their case. But the Government have subsequently evolved certain principles which regulate the assignments to the various provinces. The Secretary to the Government of India stated before the Royal Commission on Decentralization what these principles are. The Commissioners say in their Report :

‘ The object and principal effects of these settlements have been stated to us by the Financial Secretary to the Government of India in these terms :—

“ The general principles which underlie the financial settlements made by the Government of India with a Local Government are as follows :—

“ That the Government of India shall retain certain administrative services which it is inexpedient to hand over to Provincial Governments and that they shall reserve the revenue from those services and such a share of the other public revenues as shall be adequate to the expenditure falling upon them.

“ That the remaining administrative services of the country being entrusted to Provincial Governments, each Local Government shall receive an assured income which will be independent of the needs of the Government of India *and sufficient for its normal expenditure.*

“ That this income shall be given in the form of a definite share of the revenue which the Local Government collects, in order that the Local Government's resources may expand along with the needs of its administration.

“ And, lastly, *that so far as possible, the same share of the chief sources of revenue shall be given to each province to ensure a reasonable equality of treatment.*”

“ Now, Sir, this last statement is most important so far as the question before the Council is concerned. I take it that it has been the object and the policy of the Government of India to allot the same share of the chief sources of revenue to each province in order to ensure a reasonable equality of treatment. I ask for nothing more than that effect should be given to this policy in the case of the United Provinces, and that as every other province has been allowed half of its land-revenue, the United Provinces should be allowed half of their land-revenue, for provincial purposes.

“ Fortunately, Sir, both our contributions and our needs justify and support the recommendation which I request the Council to make. So far as our contributions are concerned, looking back to the last forty years and more, the Council will be satisfied that the United Provinces have been contributing the largest share of the land revenue. Madras has occasionally come up to our standard; but on the whole the land-revenue contribution of the United Provinces has stood at the top, has headed the list throughout the country. In 1882 we contributed over £5,765,000; in 1887 we contributed £5,797,000; in 1897, we contributed over 6 crores; and in 1911 we are contributing 6 crores and 69 lakhs. As I have said before, Madras has only occasionally come up to the same figure and has sometimes exceeded it, as in the present year; but it is indisputable that, of all provinces, the United Provinces have on the whole contributed the largest share of land-revenue to the Government of India. I submit, Sir, that this is a very strong reason why those Provinces should have been allowed to appropriate at least half the amount of those revenues to be spent in the Provinces. It is their misfortune that they have not been allowed to do so. The Central Provinces contribute only 185 lakhs of land-revenue; Eastern Bengal and Assam contributes only 203 lakhs; Bengal contributes 293 lakhs; the Punjab, only 337 lakhs; Bombay, 536 lakhs; Madras, 675 lakhs; each of these Provinces gets half the amount of its land-revenue for provincial expenditure. Burma contributes only 436 lakhs, and receives  $\frac{5}{8}$ ths of it for such expenditure. But the United Provinces, which contribute 669 lakhs, get only three-eighths of the land-revenue for provincial purposes! I submit, Sir, that there is absolutely no reason which would justify this inequality of treatment in the case of the United Provinces.



"It is not that we are receiving more under other heads of revenue which can make up for the loss under this head. The following comparative Statement will show at a glance both the contributions of the different provinces and the proportion of their total revenues allowed to them for provincial expenditure.

*Statement showing the Total Revenue (1911-12)—excluding purely Imperial heads and Interest, Post Office and Telegraph, Mint, Railways and Military.*

	Imperial.	Provincial.	TOTAL.	Percentage of Provincial share to Total.
	Rs.	Rs.	Rs.	
Central Provinces . . . .	1,01,03,000	2,53,77,000	3,54,80,000	71·52
Burma . . . . .	2,31,42,000	4,92,58,000	7,24,00,000	68·03
Eastern Bengal and Assam. .	1,51,28,000	3,22,42,000	4,73,70,000	68·06
Bengal . . . . .	3,25,25,000	5,41,80,000	8,67,05,000	62·49
United Province . . . .	5,15,24,000	5,61,67,000	10,76,91,000	52·16
Punjab . . . . .	3,22,40,000	3,99,36,000	7,21,76,000	55·33
Madras . . . . .	5,82,01,000	6,45,07,000	12,27,08,000	52·57
Bombay . . . . .	2,89,99,000	6,66,57,000	9,56,56,000	69·61
TOTAL . . . . .	25,18,62,000	38,83,24,000	64,01,86,000	60·66

"We thus see that the Central Provinces are allowed 71·52 per cent. of their contributions for provincial expenditure, *i.e.*, that the provincial share of the total revenues contributed by the provinces is 71·52 in the case of the Central Provinces. It is 69·61 in the case of Bombay; 68·03 in the case of Burma; 68·06 in the case of Eastern Bengal and Assam; 62·49 in the case of Bengal; 55·33 in the case of the Punjab; 52·57 in the case of Madras; but it is 52·16 only in the case of the United Provinces!

"Looking again at the aggregate amount contributed by each province, we see that the United Provinces contribute more than any other province except Madras, where large receipts from the excise-revenue have recently swelled the total figures; but excepting Madras, which contributes about a crore more, the United Provinces contribute the largest total figure, *viz.*, Rs. 10,76,91,000. Therefore, when the total amount which is contributed by the United Provinces is not less than that contributed by any other province except Madras, and when the share of land-revenue which we contribute is larger than that of every other province except Madras, the land-revenue share of the United Provinces should in justice be raised to one-half. The average percentage of provincial share to the total revenue for all the eight major provinces is 60·66, that is, over 8 per cent. more than for the United Provinces, and if the resolution which I have the honour to recommend is accepted by the Council and the Government of India, that is to say, if one-eighth of the total land-revenue of the United Provinces is added to our share to raise it to one-half of the total revenue, we shall only get near the average total for the whole country, *i.e.*, near about 61 per cent.

"I have spoken so far of our contributions; I submit also that our needs justify our demand, and even more. The result of the smaller amounts that have been allotted to us has been this, that while the other provinces have largely gone ahead of us in every direction, in every matter which directly concerns the welfare of the people, we have lagged sadly behind. For instance, Bengal has a population of about only 3 millions more than the United Provinces and it contributes on the whole nearly 325 lakhs less to the Government of India. But it is allowed to spend much more in almost every department than the United Provinces. On general administration Bengal spends Rs. 24,24,000, while the United Provinces can only spend Rs. 19,16,000; on education Bengal spends Rs. 70,26,000, the United Provinces only Rs. 48,95,000. On medical relief Bengal spends 30 lakhs, the United Provinces only Rs. 26,04,000. On scientific and other minor departments Bengal spends Rs. 14,69,000, the

United Provinces spend only Rs. 12,91,000. On miscellaneous matters Bengal spends Rs. 6,03,000, while the United Provinces spend only Rs. 1,46,000. On civil works Bengal spends Rs. 78,92,000, while the United Provinces only spend Rs. 68,71,000. So that, looking at some of these principal heads of expenditure, we find that Bengal is spending much more than the United Provinces can under the existing arrangements. And yet, instead of having improved our position, the recent revision has put us in a specially unfavourable condition. Instead of our receiving a larger allotment, we have actually been required to make a recurring assignment of 19.76 to the Imperial Government.

“What is worse, however, is that it is not only in the matter of the provincial settlements that we have not been justly treated. Even in the matter of lump grants made from time to time to the various provinces, we find that the United Provinces receive a much smaller share than the other provinces. In the Budget for 1911-12, of the 90 lakhs that have been allotted to Education, we find that the United Provinces get only Rs. 15,91,000, while Bengal gets Rs. 24,50,000. We find that the United Provinces gets only Rs. 10,50,000 for Sanitation, while the needs of those provinces are much greater than the needs of any other province, as I will presently show. Thus, out of a total of 117 lakhs, while Bengal gets Rs. 34,50,000, the United Provinces get only Rs. 26,41,000. I am taking only two provinces for the purposes of comparison, not because I grudge my friends of Bengal the larger share that they get, but because I want that the share of the United Provinces should be increased in order that the Government of those provinces should be in a position to do its duty by the people entrusted to its care. The same thing happened in 1907, when to start new settlements lump grants were made; 50 lakhs each were given to Bengal, Bombay and Madras and even to the Punjab, and only 30 lakhs to the United Provinces. So also out of the 40 lakhs that were recently set apart for education, 10 lakhs were given to Bengal, 8 lakhs to Madras, 6 lakhs to Bombay, and only 5 lakhs to the United Provinces. It is particularly unfortunate that the United Provinces should have received throughout less than their fair share of the revenue: and now that the Government of India are in a position to do justice to their claims, I submit that that justice should be done. The result of these smaller allotments has been particularly unfortunate. Let us take the case of Sanitation. The United Provinces used to be very much healthier than many other provinces of India; but for the last 10 years we find that the death-rate there has been going up very high. In 1908, the ratio of deaths in each 1,000 of the population for India as a whole was 38.21; for the United Provinces it was 52.73. Now, Sir, there is no other province in India which has been so unfortunate. Our sister province of the Punjab was stricken very badly and had a death-rate of 50.7 in the same year; but we were worse off than even the Punjab, with a death-rate of 52.73 per thousand. In 1899, the death-rate in the United Provinces was 33.19: in the course of the past 10 years, during which we have lost a very large number of people from plague alone, the death-rate has risen so high; from one end of the provinces to the other Municipal Boards and District Boards stand in need of much more assistance for Sanitation and Medical Relief; but the Local Government has not money to give them and cannot help them unless the Government of India put more money into the hands of the Local Government.

“I may refer also to the needs of Education. The United Provinces were the pioneers in the matter of primary education. Mr. Thomason, the Lieutenant-Governor of the United Provinces, introduced primary education there in the forties, and they were held up as a model to other provinces. But now they have to bear the reproach of being the most backward province in the whole of India, the North-West Frontier Province perhaps being excepted. The reasons for it are obvious. If we cannot get money enough to spend on education, education cannot make sufficient progress. How strong has been the cry for education will be seen by a reference to what has been said from time to time by the Directors of Public Instruction in the United Provinces.



I would invite the attention of the Council to only one such remark. Writing a few years ago, our late Director of Public Instruction said :—

‘It is scarcely reasonable to expect education to be spread so widely or, if as widely spread, to be so efficient in a province with a small public expenditure as in another which spends more than three times the amount in proportion to the population. To remove the inequality and to raise the United Provinces up to the Bombay standard of liberality, we need to increase our public expenditure on education from 38 lakhs (the amount shown in my last report with our share of the 35 lakhs grant added) to 117 lakhs, *i.e.*, we ought to come in for a further provision of nearly 80 lakhs a year, on the supposition that progressive Bombay stands still : but, allowing for the inevitable expansion there, it would seem that measures are called for to spend in these provinces before very long not less than a crore of rupees annually in addition to the present outlay. If these figures are true, it will not do to put them aside because they are startling. It will be necessary to consider them, to become familiar with them, to acknowledge their irresistible logic, to take action to redress any existing inequitable inequalities that may have to be admitted when every possible allowance has been made for circumstances that may justly be held to modify the case.’

“These remarks are almost as true now as when they were made. In another place actually Mr. Lewis said :—

‘There is a demand in perhaps all districts for more schools, and more schools ; but they cannot be opened because the funds are exhausted. When a people cry out for education and cannot get it, we may well, with Carlyle, count it a tragedy.’

“Now, Sir, if the people of the United Provinces had not been contributing large enough sums to the Government of India to permit of the required increase on Education and Sanitation, etc., I might not have been justified in pressing the resolution for the consideration of the Government. But we know that they do. And if the Government will only be pleased to recognise the justice of allowing the United Provinces to retain half the share of the land-revenue for provincial purposes, as they have recognised it in the case of other provinces, the most pressing requirements of the United Provinces will be fairly met.

“I submit, Sir, that the matter deserves the consideration of the Government at this moment because the Hon'ble Member has informed us that the provincial settlements are going to be made permanent. In fact, the words used by him are almost frightening. He has told us that apart from the requirements of famine and war, the settlements now made will be fixed, rigid and permanent. A look at the Financial Statements and the proceedings of the Council of the United Provinces for the past few years will show that our Lieutenant-Governors and the Financial Secretaries of the United Provinces, and numerous Members of the Council there, have been urging year after year to our representatives here, a larger allotment for provincial expenditure. It has been clear that the allotment made is barely sufficient to enable the Government to carry on the administration. There is no margin worth the name left for development, and I am constrained to say that if the settlement is to be made permanent on the existing basis, the result will be disastrous so far as the progress of the people of the United Provinces are concerned. I, therefore, earnestly appeal to this Council to consider the justice of our case and to admit it. There is no doubt that this is just the time when the Government can, as they ought to, remedy the injustice from which we have so long suffered. As I have shown from quotations from the speeches of previous Finance Members, when the Government started the provincial settlements on the basis of the budget of 1870, they practically admitted that the standards of expenditure fixed were low, but pleaded that they could not afford to give more at the time. The Government now are, and they have long been, in a position to set the matter right, and I hope that they will do so. For many years past the contributions of the people of the United Provinces have largely contributed to the surpluses of the Government of India. These surpluses have in no small measure been the result of the toil of the tillers of the soil ; and I submit that their condition requires the sympathetic consideration of the Government. The raiyats in the United Provinces do not at present enjoy much of the advantage of education ; the sanitary condition of the villages in which they reside is simply deplorable ; the medical relief provided for them is very inadequate ; the general enlightenment which has relieved the lot of some other sections of His Majesty's subjects has not touched them ; and altogether their condition is pitiable. If famine comes, they fall easy victims to it unless the State

comes to their aid. If disease comes, it takes a heavy toll from among them. I believe there have been between 12 to 15 lakhs of deaths during the last few years from plague alone in the United Provinces. At the present moment we are losing 11,000 souls every week from plague. I submit, Sir, that in view of these facts the Government of India should be pleased, as the responsible guardian of the people of the country, to consider whether their condition cannot generally be improved by the expenditure of a larger share of the revenues which are raised from them, on purposes which directly and vitally affect them. I am not asking for any contributions from other provinces: my provinces have been contributing large enough revenues to enable all legitimate expenditure to be met from them. All that I ask is that the Government of India, which takes possession under the Statute of all the revenues raised in the provinces, should be pleased to consider the justice and the mercifulness of leaving to the people such a portion of those revenues as is necessary to provide for their domestic progress and social advancement. It should consider the justice of leaving to them at least the same share of the revenue as it has thought it fit to leave to other provinces. I plead, Sir, for nothing more than justice to my provinces, and I hope I shall not plead in vain. I commend the resolution to the consideration of the Council in the earnest hope that it will receive the support of all the Members present and that it will commend itself to the Government of India."

The Hon'ble NAWAB ABDUL MAJID: "Sir, I support the resolution which has been brought forward by my Hon'ble friend Mr. Malaviya. There is no doubt that the United Provinces at the present time are in need of much assistance. In every department and on every side there are growing needs, and needs for which the province requires much. Unless, as has been suggested by the Hon'ble Mover of the resolution, something is done, I think there are many things and things which are very important which will be left undone in the United Provinces. It has been urged very strongly by the Hon'ble Mr. Malaviya that the other provinces receive a ratio of their income in a much larger proportion than the United Provinces. Well, if that is so, why should not the United Provinces receive the same treatment as the other provinces receive at the present time? If other provinces receive one-half of their land-revenue, then I would submit to this Council that the same indulgence should be shewn to the United Provinces also. If the United Provinces have not received fair treatment in the past, then surely it is time, especially when, as has been announced by the Finance Minister, a permanent settlement is going to be made, that something should be done for the United Provinces also, and they should receive the same treatment as the other provinces are receiving at the present time."

The Hon'ble MR. HOLMS: "Sir, it was not till a late hour yesterday evening that I saw for the first time the text of the resolution which my Hon'ble friend has moved today, and it will be understood that I have had no opportunity of communicating with the Government of the United Provinces and ascertaining their views on the resolution; so any remarks which I have to make will represent solely my own personal views. To begin with, I must say that I dissociate myself from the remarks which my Hon'ble friend has made in bringing forward the resolution regarding the apportionment of the large non-recurring grants for certain purposes. I am not prepared to say that the United Provinces has not received fair treatment in this matter. Next I would gratefully acknowledge the more favourable treatment which the United Provinces has received of late years from the Government of India in the matter of its finances. I cannot share with the Hon'ble Member his very gloomy views of the economic position of the United Provinces: I think they are over-coloured. I am unable to follow him also in the view he has taken of the figure of fixed adjustment; for there seems to me some want of appreciation on his part of the financial aspect of this matter. When I have said all this, I have to express my sympathy with the object with which the resolution is brought forward—that of obtaining for the United Provinces a larger share of the revenues raised in the province than it now enjoys. Speaking last year I said that I understood that the



United Provinces Government had under consideration the question of making a representation regarding a revision of their Financial Settlement, and I am not in a position to say whether, after having read the Financial Statement, that Government will abandon that intention. I had delved into the Financial Statement and got some figures together to show what are the surpluses contributed by each province for purely Imperial purposes, that is, mainly for the Army, for the cost of the Government of India itself and the Government of India departments and for certain home charges; and I propose at a later stage of the budget discussion to mention these figures. The two other provinces regarding whose finances resolutions have just been moved base their claims to preferential treatment, one on the ground of the good financial character which it bears with the Government of India, the other on the ground that it is now on the verge of bankruptcy. The United Provinces' claim may rest on the unblemished financial character which I have no doubt the United Provinces bears in common with many other provinces; but it is mainly based on the very large proportion of its resources which it contributes to the purely Imperial needs of the Government of India. With regard to the figures which I have got out, it may be interesting to mention the case of the two provinces whose resolutions have just been before us. The surplus which is contributed or will be contributed according to this budget by the eight large provinces for purely Imperial purposes is twenty-one crores of rupees in all. Of this twenty-one crores the United Provinces contributes, I make it, over  $4\frac{3}{4}$  crores. However, absolute figures I do not think are of much use in a matter of this sort. The real test is to take the figure of surplus per head of the population and the figure per square mile of area. Eastern Bengal contributes 7 annas per head of its population towards the surplus for purely Imperial purposes, Bengal contributes 8 annas, and the United Provinces one rupee per head of its population. I do not want to dwell on this aspect of the case. I merely draw the attention of the Council to these facts as indicating that it is possible that the proposals of the Government of India for a final settlement of the finances of the United Provinces may not commend themselves entirely to the Local Government as being a complete and final settlement of the matter. I recognize fully that at this stage it is impossible to add as large a sum as the Hon'ble Member proposes to add to the resources of one province without taking it away from the other provinces. For this reason I do not feel myself able to support the Hon'ble Member's motion."

The Hon'ble MR. MESTON: "Sir, the strength of this appeal must have impressed the Council. It is by no means the first time on which the grievances of the United Provinces finances have been pressed in this Council and elsewhere, and we may listen to the Pandit's dying swan song on the subject with the respect which it deserves. Perhaps I may be permitted to say that, if my own personal affection for the province and its people and my early associations with it had been the only considerations, I would have asked my chief to get somebody else to undertake the unpleasant duty of opposing this motion. But as it is, I do feel that there are stronger considerations involved, for I am convinced that the United Provinces have not been at all unfairly treated in the settlement which has now been made. A good deal of what the Hon'ble Member has said is based on a misconception of the purpose of the settlement - a misconception which is probably not unnatural considering the complexity of the subject. The proposal which he puts forward is that one-eighth of the land-revenue should be transferred from the Imperial to the Provincial share in addition to what the province already receives. This of course would have to be met by a counterbalancing assignment of the figure which Mr. Holms has just given, 79 lakhs, and that would have the effect of raising the adjusting figure of the province to a very high minus figure indeed, a result which apparently the Hon'ble Pandit would strongly object to, but which would have the effect (though it would take time to explain why) of giving the province a far larger proportion of the share of growing revenue than any other province in India. With all my partiality for the province, I really cannot support that.

"What the Hon'ble Member wants, however, is not what I have been describing, but a gross addition of about 80 lakhs to the spending power of

the province in order to meet the many needs which the Pandit has been eloquently describing. As I have said, I am afraid this implies some misconception of the intention and theory of the financial relations between Local Governments and the Imperial Government. The Hon'ble Member has spared me the necessity of explaining what that theory is. He quoted it at length from the evidence given to the Decentralization Commission. I do not think he quite understands it; for he went very far wrong, as the Hon'ble Mr. Holms has pointed out, about the *minus* assignment, and he also laid far too much stress on the principle of equality among the different heads of revenue. The fact that one province gets half of the land-revenue and another gets five-eighths, while the United Provinces has only three-eighths, is really irrelevant. The great point is to get such a share of the growing revenue as will be equal to the normal requirements of the province, and to see that the ratio of growth in that share of revenue is roughly equivalent to the ratio of growth in its expenditure. Whether it gets the growth of revenue from its land-revenue or from excise or from stamps, or from any permutation and combination of them, is not important. What is really required is that we should give the province a sufficient share of its own revenues to enable it to meet its current requirements, calculated with a reasonable margin. The United Provinces have got this, and what they now have to do is so to regulate the development of their expenditure that it does not exceed the pace of the growth in their revenue. Their progress, I must admit, will not be so rapid as some of us would like to see. But certain provinces have, and must always have, relatively smaller spending powers than certain others. I must admit that Madras, the Punjab and the United Provinces are unquestionably the three which have in the past been forced to exercise the greatest economies. Inequality there has been, and inequality I am afraid there must always be to some extent; but it is not nearly so bad as the Hon'ble Pandit would have us to believe. For it must be remembered that our settlement system has tended steadily to remove the inequalities between the different provinces which the Hon'ble Member has complained of. There have been periodical re-settlements for the last thirty years, and in this interval there has been a steady advance in the equipment of every single province. The pressure has been constant in the direction of greater efficiency and greater comfort. The supervision and the control of the Central Government have had the same tendency. All these influences have reacted on each successive settlement and have inevitably worked towards levelling up the scale of expenditure in the different provinces. At every periodical review the poorer Governments have pressed their grievances, and the haggling of the last thirty years has now established a rough equality. In this way I genuinely think the United Provinces have unloaded a considerable share of grievances which at one time they possessed. In old days they suffered for their own virtue. In later days they have been certainly making up lost ground.

"My own connection with the province in provincial finance began when the present Lord MacDonnell ruled the province. He was not six months in office before he saw the financial poverty of the province and set to work to secure more generous treatment, and those who are acquainted with Lord MacDonnell's methods may be quite sure that he got it. The next re-settlement after that was in 1904, when the negotiations and the battles of the province were fought by the Hon'ble Mr. Holms; and here again those of us who have ever had to do business with Mr. Holms need no assurance from me that he got his money's worth. The last re-settlement of the province was in 1907, when Sir John Hewett himself bearded the Government of India at Simla, and after days of hot negotiation and discussion concluded a bargain which left very little to be desired. The further readjustment which has now taken place has also been on lines of more elasticity and more liberality; and I sincerely believe that the result will be steady and advancing prosperity for the United Provinces. I must oppose this resolution."

The Hon'ble PANDIT MADAN MOHAN MALAVIYA: "Sir, if I have given expression to more gloomy views regarding the condition of my people than is justified by facts, I should certainly be sorry for it. No one can be more pleased and thankful to know that that condition is really better than I have



described it. But I venture to think that anybody who will go through the province now, anybody who will enquire into the present condition of the people there, will largely, if not entirely, support what I have said. My Hon'ble friend has said, Sir, that there has been a great improvement in the provincial assignments made to the United Provinces. I gratefully acknowledge that it has been so, but my point of complaint is that, although this has been done, the position of the United Provinces is yet extremely unsatisfactory. My Hon'ble friend admits that there has been inequality in the treatment of the different provinces. But he also says that such inequality there must be ; I do not agree that the Government cannot remedy this inequality. I submit, Sir, there that is no reason why the inequality should not be remedied when both the contributions of the province and the needs of the province justifies such a measure, and when the finances of the Government of India permit of such inequality being remedied. The fact that there has been a mistake in the past is no justification for perpetuating that mistake. With all the improvement which has been made in our position and to which my Hon'ble friend has referred, the provinces do not yet get a fair share of the revenues—do not get sufficient revenues—to be applied to purposes which directly affect the vital interests of the people. I have mentioned some of the most pressing requirements of the people ; I do not wish to take up the time of the Council by repeating what I have said. I submit that the fact that other provinces are receiving one-half of the land-revenue is by itself a strong enough justification in support of the view that I have submitted to the Council. My Hon'ble friend has said that, if we get what I ask for, it would raise the share of the United Provinces to an excessive degree. I submit, Sir, that, as I mentioned before, if the one-eighth share of our land-revenue, which would come to about 80 lakhs, will be given to our province, that would bring us very near to the average percentage of the provincial share for all India, which is about 61. If we get 80 lakhs, we will not be better off than several other provinces, and yet not as well off as some other provinces, for instance, the Central Provinces, which are receiving 71 per cent., or Bombay, which receives 69 per cent., or Eastern Bengal and Assam, which receives 68 per cent. But the worst of it is that, if we do not get what we want, there is not sufficient margin left to us for providing for the progress of the province in all the directions in which an advance should be made.

"I have done my duty, Sir, in submitting this resolution to the Council and to the Government, and I hope that the Government of India will be pleased to reconsider the matter, notwithstanding the fact that their present attitude does not seem to be favourable to it. If the Government will not increase the share of the provincial revenues, the fate of the United Provinces will be most deplorable."

The Hon'ble SIR GUY FLEETWOOD WILSON : "I have listened with great interest to the very exhaustive and somewhat exhausting statement of the Hon'ble Pandit Malaviya ; but I am sorry to say that I adhere to the view which I had already formed, which was that all the claims of all the provinces have received the most careful, the most painstaking and the most sympathetic treatment. I may say that the whole question was under review for many months at Simla, and I do not think there was any feature in any of these readjustments which was not approached with the desire to do justice to each and every province, and which was not gone into over and over again.

"I am sorry it is not possible for me to accept the resolution."

The resolution was put and rejected.

THE PRESIDENT : "Gentlemen, I fear there is no chance of getting through the next resolution before 5 o'clock ; so it will be convenient that we should now adjourn. The Council is adjourned till 11 to-morrow morning."

J. M. MACPHERSON,

*Secretary to the Government of India,  
Legislative Department.*

CALCUTTA ;  
The 17th March 1911.



# The Gazette of India.

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CALCUTTA, SATURDAY, MARCH 25, 1911.

Separate paging is given to this Part in order that it may be filed as a separate compilation.

## PART VI.

GOVERNMENT OF INDIA.  
LEGISLATIVE DEPARTMENT.

PROCEEDINGS OF THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA,  
ASSEMBLED FOR THE PURPOSE OF MAKING LAWS AND REGULATIONS  
UNDER THE PROVISIONS OF THE INDIAN COUNCILS ACTS, 1861 TO  
1909 (24 & 25 VICT., c. 67, 55 & 58 VICT., c. 14, AND 9 EDW. VII, c. 4).

The Council met at Government House, Calcutta, on Wednesday, the 8th March 1911.

PRESENT:

The Hon'ble MR. J. L. JENKINS, C.S.I., Vice-President, *presiding*,  
and 56 Members, of whom 50 were Additional Members.

### SUBSIDY FOR VERNACULAR NEWSPAPERS.

The Hon'ble BABU BHUPENDRANATH BASU: "Sir, with your leave I shall place before the Council the resolution\* which stands in my name. There is a slight error in the wording of my resolution: the amount, Rs. 65,000, mentioned there should be Rs. 62,500, and I would ask your leave to rectify that mistake in the resolution which I propose to place before the Council.

"My object in placing this resolution before the Council is, I must at once frankly admit, to call early and prominent attention to this subject. For some time past we have had rumours that the Government of Bengal contemplated making a large subsidy to a Vernacular newspaper to be started in our province. That rumour found a place in the leading Anglo-Indian journals and only lately has been confirmed by an announcement made in the Local Council that it is going to place Rs. 62,500 annually at the disposal of a private gentleman to start a Vernacular newspaper. One would have thought that the proper course that I should have adopted was to have moved a resolution in the Local Council. But, Sir, there are rumours already that other Local Governments, notably the Government of Eastern Bengal and Assam, are trying to follow suit, and that what Bengal has now adopted as its policy may soon be adopted by other Local Governments. As you know, Sir, the example of evil is very contagious; it spreads much more rapidly than a good precedent does. It is specially contagious when evil is hatched in the darkness of bureaucracies where light can hardly penetrate, and when it does enter it only serves to make the darkness more visible. Therefore, I have thought it my duty to bring to the notice of this Council and of the country this latest act

\* That the special grant to the Government of Bengal be reduced by the sum of Rs. 65,000, the amount which the Government of Bengal has promised as subsidy towards a Vernacular paper to be started in Bengal.



of the Government of Bengal. The difficulty that we feel is that, like many other measures of Government, it is one of those measures which the Government has already undertaken, and public criticism becomes unavailing at this particular stage. Nevertheless, whatever may be the sacrifices, whatever may be the difficulties, in retracing a wrong step, I conceive it our duty as public men to offer such criticism as we think fit upon measures of Government in the hope that, if the step has been erroneous, it may yet be retraced.

"In speaking of this measure I wish to speak with the utmost respect for the Government of my own province. Sir, Bengal, if I may say so without impertinence, has after many years had a Lieutenant-Governor whom she knows and who knows her people. Somehow or other there is a feeling in Bengal that we Bengalis have got but few friends in high places. That feeling may be right—I do hope and trust that feeling is wrong; but we have laboured under that feeling for some time past. The present feeling in Bengal, however, is that, in any event, in the Government of Bengal at least we have got some good friends and true of the Bengali people, and amongst those good friends we have always recognised Sir Edward Baker to be one. And, therefore, I must frankly say that it grieves me not a little that I should have felt it my duty in this Council to ask its opinion and to express its disapprobation of a measure which the Government of Bengal, I am afraid, has thoughtlessly taken. I shall not say a word in this controversy which will have the remotest effect of turning away from us the sympathies of my own Government. I believe that the Government of Bengal in taking this step has fallen into an error. The best of us are liable to err, members of the Civil Service not excepted. It is inconceivable that we should seek to bind a structure with ropes of sand or to build up public opinion with the slimy mortar of a subsidized Press. But, notwithstanding the apparent impossibility of such a task, it is now sought to be attempted. I am sure that the Government of Bengal feels that it has got very few friends in the Vernacular Press of the province. I am sure that it feels that there is an under-current of bitterness, if not of hostility, in that Press, and I believe that it is prompted by a sincere and genuine desire to start a paper which will give to the people the views of Government and which will explain in its own way measures and acts of Government which will serve to dissipate and remove prejudices against, and misapprehensions of, its acts and measures and which will therefore help to destroy the evil and baneful influence of a hostile Press. This, I believe, is the object with which the Government has come forward, even in its present bankrupt state, to make a large and substantial grant of Rs. 62,500 a year for three years.

"I readily and frankly concede that the Government of Bengal are actuated by a sincere desire for the public good in starting and promoting this paper; but the question arises—the great and important question—that, assuming and admitting the *bonâ fides* of Government and giving to it full credit for a sincere desire only to promote good and not to foster evil, what will be the effect of this step? That is what we as practical men are concerned to see. Sir, people will wonder that the Government of a great province like Bengal—for I submit we are still great though divided, I submit we are still great though, as my Hon'ble friend Mr. Sinha says, my province is misnamed Bengal—should act in this way and what will be the effect of this step. That is the principal question for consideration. Will the people read this paper? The Government will subscribe for 25,000 copies; we will assume that the Government will find means for the distribution of these 25,000 copies. But I ask you, Sir, who will read the columns of this journal loaded with silver to a particular leaning? Will it be the honest exponent of public opinion or will it be only the paid hack of a great and powerful Government? Naturally people wonder and ask, is the Government so blind, is their vision so oblique, to a result so obvious? But is there after all much to wonder at? For I may say without any disrespect that the Members of the Government—I speak in the presence of puissant Members of that body—live in an artificial atmosphere from where currents of outer life are sedulously kept away by the impenetrable panes of official infallibility. They do not move, as we move, in the busy haunts of men where thoughts converge from diverse ways and move in eddies carrying with them the hopes and

aspirations lying scattered in the by-paths of human life. They are not affected by public opinion in the same way as men who live a public life and who have means of gauging the strength of that opinion. They certainly have reports, they have statistics, they have figures, they have papers in abundance bound with red tape, sometimes with little danger signals attached to them. But you may, Sir, as well attempt to construct a living human being out of the skeleton in the Professor's laboratory as you may construct a living human society moving with the ebb and flow of those forces which we call life, out of figures, out of papers, out of red tape and out of little flags. And the result is oftentimes, as in this case, a complete and absolute divorce—I will not say from common sense, but I will say from reality—from public opinion in matters of great public interest.

“The paper will no doubt appear; the Government will find means to distribute 25,000 copies broadcast; but I ask again, what good will it do? It is not to be forgotten, I believe even the Members of Government know it, that people read the Vernacular newspapers not only for the news they contain; there are many other things in the Vernacular newspapers closely touching the life of the people, and the large mass of our countrymen naturally seek to know what the more enlightened amongst them have got to say on matters social, matters economical, matters political; these are the things for which the Vernacular papers are largely read. The Government paper will no doubt put forward on a Government measure the Government aspect of the question. Sometimes probably, I may ask you, Sir, how often will that view be accepted? For there will always be a suspicion, well founded in this case, because there is money behind it, that this opinion is not honest, that this opinion is not independent, that this opinion is not frank, and that this opinion is paid for.

“On the other hand, there will be a watchful, a jealous, a critical and independent Vernacular Press which will come forward with lightning rapidity upon the pronouncements of this Government-subsidized paper, seek to tear it to pieces, and there before the innocent rustic will be the expression of what he will conceive to be the independent opinion of this country. The result will be that in the village *patshalas*, in those humble places of amusement in our villages where people collect of an afternoon to spend their time and talk about diverse subjects, including, I am afraid, sometimes village scandal, the politics and the policy of the rival set of papers will be an active subject of conversation; and I am quite sure that you will admit that much good will not result from this discussion. I am quite sure that in these discussions people will be apt to place greater reliance upon the independent organs of public opinion, and I am quite sure that the evil thus produced will be much greater than the evil sought to be put down. I am drawing no fanciful picture, for in this case I have the misfortune to be able to appeal to experience, even to the experience of officials. Some years ago, under official advice, I will not say official pressure, the Universities of India adopted—credit is due to the University of Madras which resisted that pressure—a book which I believe you all know—Lee Warner's *Citizens of India*. That book was intended to teach loyalty to the rising generations of our young men. There was a note of warning in many local Senates that it would have a directly contrary effect, that Lee-Warner's conclusions were not accepted by the majority of our countrymen, and that when these conclusions were placed before immature youths they were sure to be controverted by other people, and young men would accept with a great deal of hesitation, if not suspicion, conclusions and facts which were placed before them by the Universities through official pressure. The result was amply justified, and, I believe, after five years' time, the Government and the Universities, after pouring in, I believe, a huge sum of money into the pockets of the author, for which I do not grieve, dropped this book, if I am permitted to use a homely expression, like a hot potato. I am afraid my friend to my right, the representative of the Government of Bengal in this Council, will find that before three years are over he will have to drop this experiment, for it will be an experiment fraught with greater danger to the experimenter than explosive substances on a chemist's crucible. I will not detain the Council by speaking at greater length. The subject



seems to me to be so simple, to be so plain, that I hardly think it is much use putting arguments before this Council which are almost self-evident. I say, therefore, that this paper will do no good, that probably it will not be read, that most likely it will be boycotted, and that it will not serve the needs for which it is sought to be brought into existence. It will not even in many cases be able to explain Government's motives on any particular act or measure, for Government motives are oftentimes matters of State which cannot be divulged. It will not be able even to take the public into its confidence in advance, for unhappily the Government of my country has the happy knack of developing a scheme from which it knows it will not recede and launching it forth upon the public and inviting criticism upon it which it knows will be unavailable. All this it will not achieve, but it will do a great deal of harm; it will create an atmosphere of controversy which will be surcharged with elements of hostility and bitterness. Is it desirable that it should be so? I appeal to my colleagues in this Council to discountenance this subsidy, and I appeal to them with all confidence. I appeal to the English Members present here to bear in mind the great traditions of their country—traditions which will not suffer for a day any Government to enter into a bargain with the Press of the country. I will appeal to my own countrymen to see that new dangers are not added to newspapers whose life is already under a great menace; and I appeal to you in confidence that you will help to persuade the Government of Bengal to undo, to rectify, the great error into which it has fallen, and in doing so you will uphold the fair fame of your own Government in the eyes of an Oriental nation; for, mind you, Sir, it will be on the tongue of everybody that the Government is seeking, after it has passed an Act, to check the liberty of the Press; it is seeking, by means which will never be looked upon as fair, to win over the small remnants of that Press which are still left to guide public opinion and to offer criticisms upon Government measures. For this and other reasons, weighty in themselves, I ask you, Sir, I ask my colleagues in this Council, to support me in this resolution, which is that the grant of 7 lakhs and odd, which my Hon'ble friend the Finance Member has provided for the impecunious Government of Bengal, may not be frittered away for an object unworthy in itself, and which will not be achieved by the means that it has adopted."

The Hon'ble MR. DADABHOY : "Sir, when I came to this Council this morning, I had no intention whatsoever of speaking on this motion; but after having heard my friend the Hon'ble Babu Bhupendranath Basu, I think I would be shirking my duty—my conscientious duty—if I on this occasion did not oppose him and point out various important matters which absolutely make it necessary that this subsidy should be given. I must at the outset make my position absolutely clear. I am one of those people who regard any subsidy given to papers with a great deal of disfavour. I am entirely against the principle of such a thing, and I would, under ordinary circumstances, have strongly opposed such a proposal. But I feel that circumstances in this country have happened which enlist my sympathies the other way. I feel that the action and conduct of Government on various occasions have been misinterpreted, and a great deal of misunderstanding has been deliberately created by a section of the Vernacular Press. Many of us will remember what Sir Herbert Risley said when he introduced the Press Bill in this Council: how Government had been accused by certain sections of the Vernacular Press of many misdeeds, and that even natural visitations, such as the plague, were attributed to them. Government was charged with poisoning wells; famines were attributed to the Government's action; and a great deal of misunderstanding was, and has been, caused by some of these papers by misinterpreting matters. We are also aware, and every Member of this Council who had the opportunity of reading certain sections of the Vernacular Press must have come to the conclusion, that some of these people have used the Vernacular Press as their organ for misrepresenting facts and matters; and I do not see any reason why the case of Government should not be properly brought to the attention of the people, and why, wherever misrepresentation of the Government policy or any particular Government action has been

published in such papers, public opinion should not be corrected and brought into line. I have heard with great interest the very interesting speech of the Hon'ble Babu Bhupendranath Basu; but if he had substantiated his speech by giving any formidable and substantial reasons why this action should not be taken, I should have warmly supported him. I waited throughout his speech to find any such reasons; but I have been disappointed. Perhaps my friend is not aware that after all this is not a new experiment. In a country like India, such a thing, in my opinion, is very necessary. It has been tried in all European countries. In England the different authorities have their own organs; if one Party states one thing which has been misinterpreted, there is the opposite Party's organ to contradict and controvert those allegations. In India we have not anything of this sort, and I do not see why a Vernacular paper should not be subsidized for the purpose of explaining the policy of the Administration where such policy has been deliberately distorted by selfish and interested organs. It is for this reason that I wish to oppose the resolution, and I shall give my support to the proposal put in the Budget; and I think every non-official Indian Member will carefully and impartially consider this matter and see what amount of injury is being done to the country by a certain section of the irresponsible Vernacular Press, and I do hope that the Council will on this occasion boldly oppose the proposition of the Hon'ble Mr. Basu."

The Hon'ble SIRDAR PARTAB SINGH: "Mr. President, as the Hon'ble Mr. Basu said just now, the evil of having a subsidized newspaper has not yet reached my province, so perhaps it might be said that I am a little bit beforehand in expressing my own opinion on this question. To my mind there is no doubt about this, that the dogma of sedition which has been preached in India has mostly been done through the Press, and now, if the Government wants to utilise the Press to remove misapprehension, to remove any doubts that may have been formed in the minds of people, I call it only fair play. Why are they objecting to it now? After all for a long time those who are against Government, they have had in the Press what they wanted; and so I think it is only right that Government should have their say now. In fact, when people hear both sides of the question, it will be much easier for them to decide which is right and which is wrong. I firmly believe, Sir, that if ever since the party against Government was started in our country Government had taken some steps to say what they have on their side of the question, a good deal of the present trouble would not have existed. With these words, Sir, I oppose the Hon'ble Mr. Basu's resolution."

The Hon'ble MR. GOKHALE: "Sir, I wish to say a few words in support of the resolution which my Hon'ble friend Babu Bhupendranath Basu has placed before the Council. I wish to support this resolution first because there is a report abroad that other Governments, besides the Government of Bengal, intend to follow suit, and secondly, because, though this matter concerns, in the first instance, Bengal alone, still there is a large principle involved in this question, and I think it is as well that that principle should be discussed from all points of view. But, Sir, before I say what I have to say on this subject, I would like to prevent, if possible, an injustice being done to the gentleman who has come forward at the instance of the Bengal Government to undertake this work. I refer to my friend Rai Narendra Nath Sen Bahadur. I am anxious that no wrong impression should go forth from this Council Chamber about the intentions or motives of the Rai Bahadur, or about the terms on which he has accepted this work from the Government. Rai Narendra Nath Sen Bahadur is one of the veteran journalists and public men of this country, and many of us, including, I am sure, my friend Mr. Basu, have held him in the highest respect for all the time that we have been in public life. And I feel bound to say this for Rai Bahadur Narendra Nath Sen, that among the public men of the country he is second to none in straightforwardness, in courage, and in strength of conviction; and it must also be recognized that he has laboured long and incessantly for the welfare of the country. I am quite sure, therefore, that the description of a 'paid hack' is the very last



that can ever be applied to Rai Bahadur Narendra Nath Sen. At the same time I must say that the Rai Bahadur has undertaken a task which is beyond the power of any human being. If the Government are anxious that misrepresentations of their acts and intentions, which, from time to time, appear in the Vernacular Press, should be corrected promptly—a desire which I can understand and with which I largely sympathise—whatever other course might be effective, this certainly is not an effective course. Far better that the Government should have an organ of its own, an open State organ conducted out of State funds and issued as a State publication. Or there are other possible ways, to one of which I will presently refer. But the course actually adopted by the Bengal Government is about the worst that could have been adopted, and I am quite sure that it will be found to be absolutely ineffective in practice. However high may be the character or the motives of a man who comes forward to conduct a subsidized paper, there can be no question about the fact that so far as the bulk of the readers, *i.e.*, of the public, is concerned, there will always be an impression that the opinion expressed in the paper is not an independent opinion. And in the present case, for one man who knows Rai Narendra Nath Sen Bahadur personally, 99 will only judge him from appearances. When it is known that the paper depends for its existence upon a large subsidy from the Government, no further proof will be required by most people to discredit the paper and, along with the paper all that appears in it.

“I have said, Sir, that I can quite understand the desire of the Government that they should have a few friends at least in the ranks of the Vernacular Press—papers that will give them fair play, papers that will assume the best, till the worst is proved. I quite recognise that situations sometimes arise when this desire may be strongly felt by the Government. But I am firmly convinced that the only way in which a real remedy can be found for such a state of things is by working for a general improvement in the situation of the country. Some of the remedies proposed, from time to time, may go some way. A State paper, for instance. Such a paper would have certain advantages over a subsidised paper conducted by a private individual. As my Hon'ble friend Babu Bhupendranath Basu has pointed out, how are the opinions of a subsidised paper to be regarded? Nobody will think that the opinions there have the weight which would be attached to a pronouncement from Government; for it will always be doubted if the editor of such a paper would be really taken by the Government into its confidence. Then there will be views about social questions and religious questions, about which Government is bound to observe an attitude of neutrality. Even in political matters, the paper will not represent the views of Government. Rai Narendra Nath Sen Bahadur, for instance, is not the man who will conceal his views where he feels strongly. Are the Government prepared to accept the responsibility for the views which he expresses? If not, why should the Government come forward and spend Rs. 62,000 in supporting a paper the social and religious views of which it cannot accept and the political views of which it may not be prepared to accept? As I have already observed, far better that the Government should issue a State publication of its own. Then it will at least avoid all religious and social questions; it will also avoid ordinary political controversies. Whenever it notices misrepresentations about its intentions in the Press, it will correct these misrepresentations and the public will know authoritatively what the Government have to say.

“But, Sir, there is another way, which perhaps would be better than a direct State organ. The Government might, without directly coming into the field, get some of its more pronounced friends or champions to undertake the work. There is, I understand, a body here, called the ‘Imperial League,’ of which, my friend, the Maharaja of Burdwan, is a distinguished member. The other day, when this body waited in deputation on the Viceroy, His Excellency made a suggestion that the members should not confine themselves merely to presenting addresses to departing and incoming Viceroys. And I am quite sure that the members themselves take the same view of their responsibilities. And they would, no doubt, be glad to come to the

support of Government, especially when a serious question like this has to be solved. Many of the members of the League are very wealthy men, and, if a suggestion were made to them, it is more than probable that they would come forward to start an organ of their own—an organ that would actively combat the views that are circulated in a section of the Vernacular Press. The paper will, of course, represent the views of certain wealthy gentlemen in the country only, but they will be men who have a stake in the country, as we are often reminded, and their view would be free from all those objections which may be urged against a subsidised paper, since there will be no Government money behind it. I think in many respects this would be a far more effective course to take than either a directly subsidised paper or even a State organ. But, when all this is said, I really do not believe that any of these courses will really achieve anything very much. The attitude of the Vernacular Press, deplorable as it may at times be, depends largely on a number of circumstances. For one thing the normal relations between the English and the Indians in the country determine it; and the special questions which for the moment may happen to agitate the public mind also largely influence it. And then there are the writings in the columns of the Anglo-Indian Press. What happens very often is that writers in the Vernacular Press take up the articles or attacks in the Anglo-Indian papers and reply to them. The officials, who read these replies, apply them to themselves, because the writers in the Vernacular Press often express themselves generally against Europeans as such, taking the Anglo-Indian Press to represent European views. And the real remedy for this state of things is neither a subsidised paper, nor a State paper, nor even a private organ, specially started by influential men, but a sustained and statesmanlike effort on both sides to bring about a general improvement in the relations between Englishmen and Indians in India. But whatever may be thought of this view, there is no question that the Bengal Government have made a great mistake, and I earnestly hope that a similar mistake will not be made by other Governments. Bengal has been fortunate in getting Rai Bahadur Narendranath Sen to undertake the work. Those who know him will not need to be told that he will not express any opinion which he does not himself hold. But other Governments may not be equally fortunate. They may choose individuals for the task who have not the same prestige and the same qualifications as Mr. Sen possesses, and the result then may be most mischievous."

The Hon'ble MAHARAJADHIRAJA BAHADUR OF BURDWAN: "Mr. President, I must frankly admit that I am on the whole in a dilemma by the resolution that my Hon'ble friend Babu Bhupendranath Basu has put forward in Council to-day, because I fully sympathise with the views expressed by Babu Bhupendranath Basu that such a paper will probably meet with hostility and criticism from the enlightened in the province. On the other hand, I feel that past experiences have shown that the Government are often in a very false position when certain unfounded motives are ascribed to their actions—motives which have been so well mentioned by my Hon'ble friend Mr. Dadabhoy. But while I think that Mr. Basu's resolution should receive the most careful attention of the Government, I fully support Mr. Gokhale's views regarding a State organ; not that even such a State organ would be popular, but it would not put into a false position men like Rai Bahadur Narendranath Sen, who is universally respected and who will be undoubtedly, when this newspaper is published, under a cloud among certain sections of the community who have hitherto valued his public spiritedness, and who will in future think that in his future actions he may or may not be guided by the dictation of Government. The reason that I wish to bring these matters to the notice of the Government is that I know full well that the Bengal Government is now bound to support this paper and that it has, I believe, entered into a contract or is about to do so with Rai Bahadur Narendranath Sen regarding this *Susil Samachar* of his. But I think, Sir, that this experiment, if it is to be tried, should be tried only for a year and not for three years. Then again, regarding having a State



organ, I think this matter should also be most carefully considered by the Government, so that, if it be possible to start a State organ, then let the State organ be started and newspapers not subsidised.

"My friend Mr. Gokhale has mentioned about the Imperial League. I am afraid the Viceroy's frank advice to the members of the League has been much misunderstood, because those members of the League who really wish the League to be a success have much appreciated those weighty remarks of His Excellency. Others have thought it has received a reprimand not to simply present addresses to incoming and outgoing Viceroys. The Imperial League could not freely, in its address to the Viceroy, say the actual work it is doing, because the work of the League is all confidential, and it is certainly not a subsidised association or anything of the kind. The reason that the Imperial League has not started an organ as yet, though it contemplates, I believe, to start one, is that it will only start an organ which will be able to give on the one hand the views of Government as they ought to be given and on the other hand the views of the people as well. It is for these reasons that the Imperial League would not consider of starting an organ under the auspices of the Government alone."

The Hon'ble MR. CHITNAVIS: "Sir, it looks as if this resolution wanted to find fault with the Bengal Government, and I oppose it on the ground that it is not the function of this Council to do that. If the Bengal Government think that there should be such a paper, it is no duty of ours to check them. They know the circumstances of their province better, and we must leave them to their own discretion and not checkmate them by disallowing the grant made to that province for general purposes. These are my grounds for opposing this resolution. In my opinion the Bengal Council will be the proper place for such a discussion."

The Hon'ble MR. GRAHAM: "In associating myself with what my Hon'ble friend Mr. Dadabhoy has said on this resolution I only want to say a few words as I should not like to give my vote in silence. I feel that for years the Government has been working at a great disadvantage with the Vernacular Press. It is so easy to misinterpret and in little ways to put a misconception on Government actions in the Press, and then Government has been in the position of a man unarmed, in no way able to refute or to correct the wrong impressions that have been made. I think it is only fair, as Mr. Dadabhoy has said, that they should have some chance of putting matters straight and being able to put forward before the people what their real intentions are."

The Hon'ble MR. MADGE: "Sir, there is one view of the matter that appears to me to have been overlooked by some of the previous speakers. As a retired, perhaps I should say as a 'reformed,' journalist, I of course agree with all the abstractions that have proceeded from the Mover of this resolution. My difficulty on this, as on more than one former occasion, has been to apply those abstractions to some of the realities that we have to face in this country. Now, in this Council we have heard a great deal said about the grave need of primary education in this country. In my humble opinion there is no sphere in which primary instruction is so much needed as in the relations of the governed to the governors. When education was started in this province more than fifty years ago, Dr. Duff and some of his colleagues urged the theory that filtration would secure all that the Government wanted, and that if education were once set on a proper footing, it would gradually reach down to all the masses and touch every village in the country. I have no doubt that Dr. Duff and his colleagues acted with the best of motives; but a greater delusion could hardly have been entertained in those days. How far has any appropriate understanding of the Government filtered down to the masses to-day, and whose business was it to make right views filter down? On a former occasion, Sir, I expressed the opinion, and I repeat it now, that the evolution of any country ought to proceed on moral lines, before venturing on political lines. Whose duty was it to help uplifting the ignorant masses? The burden of it lay

upon those who had received any light at all from abroad or from anywhere else. I say it, Sir, without any desire of creating ill-feeling, but I do feel very strongly that instead of doing more for the moral elevation of the masses while harping on political reforms and one thing or another, the better educated classes have neglected one of their principal duties and failed to realise one of the great hopes based upon their education, when education was granted to this country. Now, Sir, the Government comes forward after a great deal of mischief has been done and tries to rectify this mischief by getting its views and facts, that have been misrepresented by the Vernacular Press, laid before the country. It has been said that, if an official organ can be started, it would perhaps do the work in some sort of fashion. But all the remarks that my Hon'ble friend the Mover has made against a Government grant would apply to such an organ the moment it was realised as an official organ. It would be called venal, and all the other adjectives that have been employed this morning would be applied to it, and perhaps rightly; whereas in choosing a man who is highly respected by everybody who knows him—I have claimed his friendship for five and twenty years and know he is highly honoured everywhere—in claiming a man of that sort, Government claims one of the best results of enlightenment in this country and says to the people of this country: 'We have chosen a man whom you can trust implicitly because of his character and past conduct, and it is through this channel that we want to have true views of things reaching down to his countrymen.' Is there any stronger moral position that a foreign Government would take in any country? I do not know whether my Hon'ble friend Mr. Gokhale, in saying that other Governments would be less fortunate than the Government of Bengal, means that they would be guided by worse motives, or that similar results to that which have been produced in Bengal have not yet been produced in other quarters."

"The Hon'ble MR. GOKHALE: "No; what I said is that they may not succeed in inducing men of that stamp to take up the work."

"The Hon'ble MR. MADGE: I am glad to have this explanation: it removes a little weight from my mind. I do hope that all over the country there are men of moral earnestness, men who are touched with the sufferings of the poor, who want to relieve them by every means in their power. And why should not other Governments follow the example of the Government of Bengal? It has been said of the Government of Bengal that it was very tardy in the days that have gone. I do not say so, Sir; but leaving alone the past, if, as I venture to think, the Government of Bengal have done perfectly right in coming forward to-day, and if it should have made any mistake in not having come forward a little earlier, I think all other Governments throughout this country would be very wise if they avoided any mistake that the Government of Bengal may be supposed to have committed."

The Hon'ble MR. SLACKE: "Sir, those who are conversant with the mufassal of the province to which I belong will know how common it is for villagers to assemble in the evening to hear the local postmaster or the local schoolmaster read out to them the contents of one or other of the various Vernacular publications issued in this province. Now, I would ask the Hon'ble Members to consider how often in those publications is any good motive ever assigned to Government or any praise given to Government for the good results which have happened from their measures? What one does find, and find in abundance, are distorted representations of what may result from the actions of Government—misrepresentations of the Government's intentions and suppressions of the truth. Now, so I understand, the Hon'ble Mover of this resolution is willing to admit the existence of all these evils, but is unwilling that any steps should be taken by Government to counteract them. There I wholly and entirely differ from him, because I consider that it is essential that something should be done on behalf of those ignorant masses to furnish them with an antidote to the poison which has for so many years been steadily instilled into their minds and which is still being instilled."



The Hon'ble MR. MUDHOLKAR: "Sir, when I came in this room this morning I had no intention of saying anything on this subject; but after what has been said by my friends from the Central Provinces I deem it my duty to give expression to my opinion, which is not in accordance with theirs. Sir, I think it is very necessary on the part of those who believe that their work lies in co-operating with Government in preventing the misunderstandings and misrepresentations of the acts or the motives of Government to take care that nothing is done which would defeat the purpose which all of us loyal citizens of the empire have at heart. I frankly admit that there are journals—and their number unfortunately at present is considerably large—which write in a spirit which is most deplorable and reprehensible. It is very necessary that those kinds of writing should be discountenanced and every effort should be made to administer an antidote to the poison which is being spread from day to day. Last year, when I had to accord my humble support to the Press Bill, I had to frankly admit that the number of those journals was unfortunately large. For what I said in this room I was taken severely to task by several of those journals. What I would ask, Sir, this Council to consider is this: Is the method of subsidising a paper the best method of counteracting that poison? There is, as my friend the Hon'ble Mr. Gokhale has said, the direct method, which is the method which I recommend Government should adopt. It is to have an organ established by Government for refuting misrepresentations wherever they are made. That is the direct method. There is no concealment of the real object in it. It has the merit of being frank, open and straightforward. And I believe it will have far more effect and it will carry greater conviction than the writings of men who would be called paid hacks. My friend, Rai Bahadur Narendra Nath Sen, is one whose friendship I have had the honour to enjoy for 23 years, and his paper, the *Indian Mirror*, is one of those which I read regularly, and which has often, I know, helped to put forward the view of Government and the view of all sane people throughout the country. I am afraid that immediately it is known that his new paper is a subsidised paper the value which is attached to his opinions will greatly diminish, and Government would be losing the support which his age, his experience, his knowledge and his independence give to them. It would be the same in other provinces also. Let us take, for instance, the *Indian Patriot* of Madras. That is a paper which is sturdy in its independence, and at the same time takes a very sober and dispassionate and loyal view of opinion. If my friend, Diwan Bahadur Karunakar Menon, became a subsidised journalist, the influence which he wields over the Madras Presidency will be gone. Let us, again, take the case of what I would call the English section of the *Gujerati*. The Vernacular section of the *Gujerati* is at present held in distrust, but not so the English section, which, as our President probably knows, is conducted by a gentleman of very sober views. Immediately that gentleman is employed as a Government agent, his influence would cease. As I have said, it is very necessary to administer an antidote to the poison which is being spread. That work would have to be done by two agencies: the first would be the direct agency of Government, and the second would be the agency of those true adherents of Government who value the moral life of the country, and recognise the support which is due from them to the Government. It is our duty to have newspapers which, while they are independent, while they are fearless, will at the same time take care to do away with the mischief which is being done by the thoughtless, the ignorant or the perverse. That is the work to be done, and I believe it is only in those two ways that the antidote can be effectively administered in this country."

The Hon'ble MR. MAZHARUL HAQUE: "My excuse, Sir, for rising to take part in this debate is that the resolution of my Hon'ble friend, Babu Bhupendranath Basu, concerns my own province, and I think I will be failing in my duty if I did not give my honest opinion as regards the principles involved in it. Sir, the evil that a section of the Vernacular Press is doing, a great deal of mischief, is recognized by all thinking men, and there is no doubt that it is the duty, the bounden duty, of Government to counteract this mischief. I am myself a constant reader of the Vernacular papers, but they are all in Urdu and

I have not come across any sedition in those papers; but there are undoubtedly certain sections of the Vernacular Press which are doing mischief by their wild writings. Admitting the evil, the question arises, whether the remedy which is being provided by the Government of Bengal is really the true remedy and whether other remedies cannot be found. Sir, I have not the least hesitation in saying in this Council, although I may be misunderstood by my own countrymen to-morrow, that the leaders of Indian public opinion have not done their duty in this matter. Sedition has to a certain extent spread in the country, and it was the bounden duty of the leaders to have checked it, which they could easily do. They could have organised societies, they could have held meetings, they could have a regular campaign against sedition; and I certainly believe that if they had only done their duty, sedition would not have been so rife in the country as it is. But I do say at the same time that the remedy which has been provided by subsidising a paper is not the right one. In my opinion it will create mischief—greater mischief than has already been done. I will give an example, Sir. The Government of Bengal is subsidising the paper. Well, what will be the policy of that paper? We all know that unfortunately for this country there are certain questions—very few questions indeed—upon which Hindus and Muhammadans differ. Take, for instance, the question of the partition of Bengal. On this question the unanimous opinion of the Muhammadans of India is that the partition of Bengal should not be undone. Then, Sir, what is this paper going to do? I should like to know which side of the controversy is it going to help. Is it going to try and assist in undoing the partition of Bengal and go against the public opinion of Muhammadans? I am certain that my friends the Hindus of Bengal do not like this partition: they are trying their best to have it reversed, and we, Muhammadans, shall try and resist their efforts. What is that paper going to do? Which side will it take in the controversy? If it takes up the question of the partition of Bengal and helps my Hindu friends, what will be the result? We shall oppose the paper in a body, we shall fight for it. But if it helps us and comes over to our views, which is most likely, as the Government is on this subject at one with the Muhammadans, then who will read this paper I should like to know? I do not think anybody will read it.

“My Hon’ble friend Mr. Slacke has given his views and there is a great deal of truth in them. But I should like to have an explanation to the objections that I have just taken. Sir, I am not an admirer of sycophancy or of hypocrisy. I would like my people to be manly and self-reliant and to fight for their rights. I am afraid I have myself got the reputation of a fighter in this Council; I but should like them also to give due credit to the good intentions of the Government. The British Government have done a good deal for the country, and we ought to appreciate it and be grateful. But how is this opinion to be spread in the country? It will not be spread by subsidising a paper as the Government of Bengal is now wanting to do. I would rather pass certain laws which would compel all papers, including the Anglo-Indian papers, to publish communiqués of the Government; but I would not subsidize any paper at all, because this will create much greater mischief in this country than my Hon’ble friend Mr. Slacke or the Government of Bengal imagine. With these few remarks I support the resolution of the Hon’ble Member.”

The Hon’ble NAWAB ABDUL MAJID: “Sir, I consider that this subsidy which Government is granting to this paper is the right course that the Government is adopting at the present time. We have heard the speeches of the Hon’ble Members to-day in this Council, and I find that they are all agreed that the Vernacular papers which are being circulated in this country are not doing their duties as they ought to do. It has been admitted on all hands here that the ideas and the principles of Government when brought to the notice of the masses are not brought to their notice in their true colours, but they are blackened, and it is said that the intention of the Government is not good. That being so, the question now is, how should Government counteract such a spread of noxious ideas among the masses of this country? I have heard one



or two Members of this Council say that this will not meet the object for which it is going to be enacted, that is to say, for which a subsidy is going to be granted. It is said on the one hand that a State paper will be of much more importance and will carry much more weight; but a State paper, if it is started, will be considered to be an organ of Government and it will not carry the same weight as a paper started by a man who is independent of Government in some way or other. It is said that the grant of a subsidy will also stamp that paper as subordinate to Government and it will not carry that weight which it would otherwise do. But the question is, supposing if the Government were going to start a State paper, how will Government be able to know the views and ideas which are underground, unless a paper is started by a private person? That private person will be in a much better position to know the ideas and the feelings of the people than Government, if it is going to start a State paper. I say, Sir, that this is the most salutary measure which Government is going to adopt, because at present discontent and unrest are confined to towns. If Government is not going to take some measures to counteract such discontent and unrest, it is quite possible that it will reach the villagers, and if it will reach the villagers, then I do not know what will be the result. The result of it will be such that then it will be impossible for Government to counteract the result of such noxious ideas among the masses and among the villagers. It has been said that it is the practice that these Vernacular newspapers are read in chaupals and in some post-offices in villages, and that every act of Government, which ought to be given as if it were in its true colours, is there laid before the people in all its evil side, and the people there do not know, do not understand, what is the real intention of Government. So unless something is done and some such step is taken so as to bring the real things to the notice of the masses, then I think it will be impossible that the Government of this country will be safe in future. Sir, I would go further and say that this salutary measure which Government is going to introduce in the province of Bengal, the Governments of other provinces also should take the same steps to introduce, so that they may not be hampered by the same difficulty that the Government of Bengal is hampered with at the present time. If these steps had been taken beforehand, if the mass of the people would not have been infected with the evil idea beforehand, then probably the Government of Bengal would not have to meet the same difficulty that it is meeting to-day. With these remarks I oppose the resolution."

The Hon'ble MR. SACHCHIDANANDA SINHA: "Sir, as one of the non-official representatives of the Lower Provinces and also as the only Member of this Council who is perhaps unfortunately the editor of a journal in these days of stringent Press laws, I think I may be allowed to say a few words in support of the resolution brought forward by the Hon'ble Mr. Basu. If I may say so without impertinence, it seems to me, Sir, that a good deal of the discussion carried on in this Council on the subject under discussion has been more or less irrelevant, in view of the fact that there is hardly any difference of opinion amongst us that a section of the Vernacular Press, and possibly a large section, is conducted on lines which are not conducive to the public good. Therefore, any disquisitions such as those which we have heard to-day, especially from my friend the Hon'ble Nawab Abdul Majid, if I may say so with all deference, are irrelevant to the discussion. What we are considering here is whether the particular line of action adopted by the Government of the Lower Provinces, is one which shall meet with the object which the Government profess to have in view. That is the only point, other considerations being, if I may say so, merely false issues. Now, if that be the case, I have no hesitation in saying that, in my humble opinion, the object aimed at by the Government will be frustrated. I need not cover the same ground as that done before me by some of the previous speakers; I shall only say that it seems to me that the gentlemen who opposed this resolution have evidently forgotten the old adage that you may take a horse to the water but cannot make him drink; and, therefore, although the Government may circulate broadcast 25,000 copies of this paper and spend on it a sum of more than R60,000, I do not see how they will be able to attain

their object unless the schoolmasters are directed to read out of it column after column to their pupils, and officials are circularized to read it sedulously so as to get their money's worth. And unless disobedience to these orders is made penal, I doubt very much if the effort is likely to succeed. My sympathies are, therefore, entirely in favour of the suggestion made by my Hon'ble friend Mr. Haque that Government, instead of starting a special or subsidized organ, should largely resort to the practice now partially prevailing of issuing communiqués to the Press and compelling, by even legislation, if necessary, the Vernacular papers to publish them; provided, of course, that liberty is reserved to the Press to comment on these communiqués. With these words, Sir, I have great pleasure in supporting the resolution before the Council."

The Hon'ble MAULVI SYED SHAMS-UL-HUDA: "Sir, upon this resolution prudence would probably have dictated to the non-official Members a policy of silence; but I feel that the question is one of such importance that I should not give a silent vote on it; and I am sorry that I must oppose the resolution proposed by my Hon'ble friend Mr. Basu. It has been said that the question is not whether the Vernacular Press is doing its duty, and that such a question is irrelevant, and that we have only to see whether the policy that Government has adopted is the best suited to attain its own object. I am afraid, Sir, it is an after-thought. If my Hon'ble friend Mr. Basu thought that Government would be well advised to start a paper on its own account, probably that advice would have been tendered to the Government of Bengal itself; and further he might have asked, instead of asking for a reduction to the extent of Rs 62,000, for an addition of a lakh of rupees to enable the Government of Bengal to start its own paper. As I read the resolution, Sir, I look upon it as a vote of censure upon the Government of Bengal for having subsidised the particular newspaper; and therefore I think it is perfectly relevant to discuss whether the situation is such as to justify the action. It has been said by all the speakers that the Vernacular Press—at any rate a large part of it—has been misrepresenting the views of Government. It is also conceded that our educated countrymen have not done their duty in this respect. If under these circumstances the Government of Bengal subsidises a particular paper for the purpose of enabling the Government to explain its views to the people, I think the Government does what it ought to do and Government would be failing in its duty if it did not do that. At any rate it shows that the Government is anxious to conciliate public opinion and to create an enlightened public opinion instead of allowing the mind of the public to be poisoned by the sort of literature that is catered to the public day by day. It has been said that after all this would be a paid public opinion. But every opinion is more or less paid opinion. The editors—I mean no offence to my Hon'ble friend on the left—do not always express their own views. They have to consider what things and what opinions would satisfy those for whom their paper is intended and what would bring their paper the largest circulation. I am, I believe, right when I say that the paper of which Babu Narendra Nath Sen is the editor has not probably the good fortune of having a quarter of the subscribers that other newspapers have, which express opinions more suited to the taste which they are responsible for having created; and under these circumstances, if an honest journalist like Babu Narendra Nath Sen finds himself at a disadvantage in competition with the rest, Government comes and gives him a helping hand and asks him to be an exponent to a certain extent of Government's views, Government does exactly what is right and proper; and I think, Sir, in considering this question we should not forget the personal character of the man whom Government has chosen to represent its views. I believe the worst enemies of Babu Narendra Nath Sen will not say that he would, because his paper is subsidised, sacrifice his conscience and do anything that is unworthy of him. Therefore, in selecting such a man the Government of Bengal has shown good sense, for which it ought to get credit. I do not think I need dilate very much upon this question. I know this, that every man, even the meanest individual, has a right of defending himself when he is attacked. Our personal reputation is a valuable asset, and so is the reputation of a Govern-